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Class 2 Rates Cut In Conn., Production Cost Dropped 40%

**Young Driver Rates Lowered
14%, Treat Class As
Public Livery, Long Haul Risks**

Connecticut has approved a 14.3% reduction in liability rates for class 2 private passenger cars, those operated by males under 25. The filing by National Bureau of Casualty Underwriters, effective Nov. 27, is based on a reduction in the provision for total production cost allowance from 25 to 15%.

The bureau points out that adverse experience has forced class 2 rates in Connecticut to a point where it seems appropriate to treat them, in respect to production costs, as public livery and long haul trucking risks are treated that also involve very high premiums per vehicle. The rates for the latter classes have been based, for years on a total production cost loading of 15%.

This action ends the controversy with the department over the propriety of National Bureau's auto liability rate increase last June 19, which the department had sought to negate after the machinery of the rate revision already was in motion. Connecticut retained outside actuarial talent to check the revision and the experience on which it was based.

Tex., La. Tornado To Cost \$4.2 Million

Tornado and wind insured damage at Groves and Orange, Tex., and Alexandria, La., Nov. 7 is estimated by General Adjustment Bureau to amount to \$4,275,000. The over-all loss has been designated by the National Board as catastrophe 88.

In a bulletin to member companies, James F. Miazza, general manager of the southwestern department of GAB, estimates the loss at Groves at \$1,216,000, at Orange at \$1,476,000, and at Alexandria at \$1,581,000.

The area of loss at Groves is approximately 300 yards wide and a mile long. Most of the occupancies are one-story frame dwellings with built-in garages ranging in value from \$8,000 to \$12,000. The tornado dipped up and down as it passed through the area, causing damage in six sections of the city. Early estimates show 50 dwellings are a total loss at an average of \$8,000, 25 are badly damaged at and average of \$4,000, 22 are damaged at \$2,000, 262 sustained varying amounts of damage totaling \$191,900, miscellaneous buildings were damaged to the tune of \$18,600, 230 household furniture losses at an average of \$1,000, Grove junior high school damaged \$40,000, seven commercial properties damaged \$35,000, Mulkey drug store damaged \$50,000, First Pentecostal church \$25,000, city hall municipal building \$7,500, 23 hay barns \$44,000, and 500 TV towers and antennas \$30,000.

At Orange, 15 miles from Groves, the tornado damaged 176 dwellings for \$293,000 a church for \$20,000, a school

(CONTINUED ON PAGE 44)

Southwest General Is Reinsured 100% By Pacific National

Pacific National Fire has reinsured 100% Southwest General of Dallas, effective Nov. 1. Announcement was made jointly on Nov. 8 by the presidents of the two companies, John A. Steel of Pacific National and Walter L. Baer of Southwest General.

Pacific National has assumed all joint operations with offices in the former quarters of Southwest General. M. L. Canfield is resident vice-president for the Pacific National group in Texas.

In a bulletin to Texas and Oklahoma agents, Mr. Baer said the personnel of Southwest General has been retained, and explained: "This program was developed out of the realization that a company whose operations were limited to a relatively local geographic area, regardless of its financial stability, has difficulty in providing equal facilities available to independent capital stock agents through nationwide multiple line companies."

Mr. Steel was president of Southwest General before going with Pacific National 18 months ago. He was largely responsible for the expansion of the company to the point where as of Dec. 31 it had assets of \$4 million, surplus to policyholders of \$1.6 million, and unearned premium reserve of \$1.8 million. At the same time, Pacific National had assets of \$48.3 million and surplus to policyholders of \$21.8 million.

Automobile Liability Undergoing Some Long Term Changes

**All Insurers Writing It May
Not Be Able To Stay In,
Current Market Tightens**

By KENNETH O. FORCE

Practically everybody has some relation to automobile insurance these days—insured who pays out substantial dollars in premiums; insurance departments faced with filings for rate increases; agents who are having trouble maintaining a market for the stuff and who are concerned with the possibility of commission reductions on the line; and the companies, which have lost a lot of money writing it and are continuing to lose substantial sums. In a period when almost every line is in trouble, automobile liability is in serious trouble and threatens to go on being troublesome for the foreseeable future.

The short term situation is:

1. By year end some companies will have dumped automobile business.
2. Some companies that have not done well with the line even in better times may have to abandon the field altogether.
3. The market is tight and will get tighter as the figures for 1957 are totaled and insurers try to get statements ready for March 1 delivery to insurance departments. The astonishing thing here is that in view of the losses the market is as open as it is. Observers do not believe the market can go on accommodating auto business as it has been doing.

There have been temporary periods of difficulty with market in recent years, with the Korean War, and a short time after gasoline rationing we off following World War II. But there is anticipated this time a problem of capacity the like of which has not been seen before.

One agent commented the other day after having to jettison \$50,000 worth of automobile business that he has had the problem previously of not renewing an automobile policy and even of reducing his automobile writing to some degree at renewal time, but never before has he had to cancel no-accident risks in midterm. Insured of this character simply cannot understand why no insurer wants them and some are pretty bitter about it. This agent was unable to find additional capacity anywhere for the business; it has gone out the window. This experience is being repeated to a larger or smaller extent across country over—especially in metropolitan areas where experience is bad, but in some of the smaller cities and towns as well.

A simple and essential answer to the current problem in automobile (as in several other lines) is more money. But in the area of rates and rate in-

(CONTINUED ON PAGE 42)

Highlights of the Week's News

| | |
|----------------------------------------------------------------------------|---------|
| Alabama gets serious on law recodification | Page 16 |
| Insurance Federation of New York names Avery chairman, Douglass president | Page 22 |
| Mortgagee gets mortgagor's insurance | Page 26 |
| Auto "borrowed" without permission held not covered as substitute | Page 27 |
| Eve preferred auto rating plan in North Carolina | Page 19 |
| Unique law ruling Mississippi commission rate is ruled out | Page 15 |
| Open SPAN, begin operations in Hartford | Page 15 |
| Buyer defines value of agent, stresses loss prevention plan | Page 12 |
| Louisiana association pledges support for adequate rates on losing lines | Page 17 |
| Ask return of five-year terms for certain riders in Washington | Page 28 |
| Agency executives suggest solutions to management problems | Page 13 |
| Banker gives mutuals Dutch uncle advice on costs, staff, cover, deductible | Page 8 |
| Mutual Casualty Conference holds twin bill at Chicago | Page 2 |
| West Virginia OK's rate, form changes; term multiple withdrawn | Page 2 |
| Insurers held liable for explosion in radiation loss | Page 3 |
| National Bureau revises M&C liability rates | Page 4 |
| Rhode Island proposes out-of-court settlement of Hopps fraud suit | Page 4 |
| Jones retiring at Ocean Accident, Miller is successor | Page 3 |
| Plan program for Hoosier agents Nov. 18-20 | Page 3 |

Late News Bulletins . . .

U. S. Supreme Court To Review Two A&S Ad Cases

U. S. Supreme Court has granted the petitions by Federal Trade Commission to review the circuit courts of appeals decisions in the American Hospital & Life and National Casualty A&S advertising cases. The Supreme Court, in granting the writs of certiorari, consolidated the two cases and decided to allow a total of two hours for oral argument. The appeals court at New Orleans found in favor of American, while the one at Cincinnati ruled in favor of National. The two tribunals said the McCarran act left the regulation of insurance to the states, and where the states had undertaken adequate regulation the FTC act was not applicable. FTC appealed on grounds that a lack of federal regulation created an area in which neither the federal government nor the states actively regulated the insurance business.

Plead Not Guilty In Firemen's Case

Defendants in Essex county grand jury indictments charging conspiracy to defraud Firemen's of Newark of more than \$203,000 have pleaded not guilty. They are John R. Cooney, former president of the insurer, Albert S. Borok, who operates a furniture business in Newark, and Harry A. Trotter, 2nd vice president of Firemen's. Trial in superior court at Newark was set for Feb. 3. The three allegedly diverted the money while the home office was being refurbished.

Holz Disapproves Auto Increase Request

Superintendent Leffert Holz of New York has turned down a filing by National Bureau of Casualty Underwriters and Mutual Insurance Rating Bureau that asked for an approximate 10% increase in auto liability rates state wide. Previously he had denied the request of bureau auto insurers for an increase of close to 20%. The bureaus refilled for the lesser increase modified by use of a 20% production cost allowance instead of 25% and later experience figures.

In rejecting the filing Mr. Holz said the proposed increase was excessive and

(CONTINUED ON PAGE 3)

Mutual Casualty Conference Holds Twin Statistical-Office Methods Bill At Chicago

Conference of Mutual Casualty Companies presented a doubleheader program of accounting and statistical procedures and office methods and personnel problems at the Conrad Hilton hotel in Chicago last week. Panel discussions on the twin schedules were given concurrently throughout the two-day convention.

Statistical problems of package policies were analyzed by S. S. Kerr, Shelby Mutual, to open the accounting conference, following a talk on responsibilities of management by Jack C. Staehle of Aldens, Chicago, before the combined sessions.

Clear and concise knowledge of bureau requirements, said Mr. Kerr, will reduce to a minimum statistical problems arising out of package policies, both those such as the homeowners forms which are written with an indivisible premium and those, of which the comprehensive dwelling and commercial property policies are examples, which are written on the basis of a specific premium for each coverage included.

Mr. Kerr outlined the operations of the coding department in his company and traced the progress of a daily report from the time it leaves the underwriting department until its disposition in the files. He mentioned the various statistical and rating organizations with which Shelby Mutual files experience figures under package contracts and sketched the

problem arising from three-year installment basis policies.

"We have handled this," he continued, "by coding each daily specifically for its premium plan. The code is punched into our accounts receivable card, which eventually becomes an expiration card. When expiration lists are run off for the underwriting department, those cards coded for installment plan are sorted out and run in a separate listing."

"This enables the underwriting department to pull these dailies as a group, and process them through the coding and key punch sections, after which the current premium due will appear on the accounts receivable runs by agent and the monthly account current which is mailed to the agent."

Shelby Mutual's reinsurance arrangements were traced by Mr. Kerr as they apply to package policies of all types, and he pointed out the detailed risk location coding necessary when these contracts are written in such states as Florida and Kentucky.

When the homeowners policy first came into general use, said James P. Maltman of American Mutual Re, many persons felt that since this was an entirely different type of contract, reinsurance should be arranged in a different excess of loss contract, paying 90% or 100% of loss in excess of a specified amount. Objection to this procedure arose since the reinsurance thus afforded cost more and protected less than if the Homeowners Reinsur-

ance had been integrated into existing treaties.

Accordingly, most companies did just that. Fire insurers bought casualty reinsurance to cover their comprehensive personal liability business, casualty insurers bought fire reinsurance on their dwelling exposures, and multiple line companies used both fire and casualty reinsurance facilities.

There are a few minor problems which come up under this arrangement, Mr. Maltman pointed out, the first of which is the catastrophe exposure under the homeowners policy. Fire and multiple line companies are all right on this, but casualty companies have to negotiate catastrophe reinsurance as soon as their homeowners volume becomes sizable.

Reinsurance of the burglary coverage in the homeowners policy, normally a part of casualty insurance, he said, can be taken care of under the insurer's fire treaty, since dwelling house burglary is more like a fire line than a casualty line. Comprehensive personal liability cover also causes trouble, since it is only a small part of the total package premium. To segregate CPL premium, Mr. Maltman suggested that a flat percentage of the homeowners premium be used, usually 10%.

In summing up, Mr. Maltman said, "For the present, let's do it the easy way. Use the reinsurance facilities you have. Avoid individual policy calculations as much as possible. Work out an arrangement with your reinsurer so that you can apply percentages to your total homeowners premium."

Less complicated reinsurance is on the way, Mr. Maltman concluded, due to the increasing advent of multiple peril policies covering all types of exposure.

T. W. Menzel, Iowa Hardware Mutual, opened the office methods and personnel conference with a talk on the values and dangers of aptitude tests from a personnel standpoint.

There are five principal values of aptitude tests, Mr. Menzel said. First, they provide a valuable tool in the selection of personnel.

To Seek Review Of New Orleans Board Ruling

The U. S. Supreme Court's decision regarding the New Orleans Insurance Exchange was rendered "without a hearing or without a filing of briefs on the merits," John A. Barry, president of the exchange, has charged.

The court ruled the exchange violated the Sherman anti-trust act by attempting to monopolize fire, casualty and surety business in the New Orleans area.

Under a federal statute the only appeal authorized was directly to the Supreme Court and the effect of this summary decision is to deny the exchange the right to be heard on the merits of the case, Mr. Barry said.

Attorneys for the exchange presently are preparing additional pleadings to be filed with the Supreme Court in seeking review of the issues involved in the litigation, he indicated.

Attorneys for the exchange went to Washington for a conference Nov. 6 and reported to exchange membership Nov. 12.

Every effort is being made to acquaint the Supreme Court with the nationwide effect of this litigation, Mr. Barry said, particularly in connection with the usurpation of state's rights in connection with the regulation of the insurance business.

Rate, Form Changes OK'd In W. Va., Term Multiple Withdrawn

Commissioner Neely of West Virginia has approved rate and form revisions filed by West Virginia Inspection Bureau. The filing includes both increases and decreases in rates and both liberalization and restriction in rules and forms. The changes are effective as of Oct. 7.

In dwelling forms the 10% extension of coverage to outbuildings is to be considered as additional insurance. The 10% extension of coverage to rental value is to be considered as additional insurance. The coverage on household contents is amended so that it will be permissible to move from one residence to another within the state with coverage automatically transferred without endorsement.

Rate changes include a 50% increase in extended coverage rates on dwelling except that EC may be written at present rates with a wind and hail deductible of \$50.

Mercantiles and non-manufacturing superior wind resistant structures EC rates are reduced 30%. On manufacturing, including coal mining, EC is reduced an average of 3.1%. The over-all effect of the rate changes for EC is an estimated reduction in premium of \$126,800 annually. However, this contemplates a \$50 deductible for half of the dwelling policies.

A new formula was approved for the calculation of business interruption rates for coal mining property. This, it is estimated, will produce an average increase for frame construction of 41.88% and an average decrease for incombustible of 42.79%. There is to be an automatic reduction in the new rating factors for both frame and incombustible if a reduction in term discounts is approved as requested in a filing before the commissioner for consideration. Also, U&O policies expiring within 12 months may be renewed for one year with the increase in the annual rate to be limited to 75%. This to prevent unreasonable discrimination between insured who will have the benefit of present lower rates until the expiration of existing policies and insured whose policies must be re-newed within the next year.

The filing by West Virginia Inspection Bureau for a change in term multiple from 75% of the annual rate to 85% of the annual rate for each year after the first, and an 8% increase in rate for comprehensive dwelling, and homeowners policies, has been withdrawn.

Chicago CPCUs To Meet: 1958 Officer Slate Named

Chicago CPCU chapter's nominating committee has selected the following men as officers for 1958 (election to be held at the December meeting): President, Frank R. Miley, W. A. Alexander & Co.; vice-president, William T. McElveen, Wineman Bros. agency; secretary, Charles T. Burney, Transportation Insurance Rating Bureau; treasurer, Orrin F. Nash, Insurance Agency. Named for directors for a two-year term are Robert E. O'Meara, Stewart, Keator, Kessberger & Lederer, and John G. Eggers, B. J. Felbinger & Co.

The next meeting of the chapter will be Nov. 19 at the Chicago Engineers club. Arthur C. Schreiber, Fireman's Fund, will speak on "Stealing the Boss's Money."

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Jones Retiring At Ocean Accident, Miller Successor

Laurence S. Jones at year end will retire as U. S. manager of Ocean Accident and as president of Columbia Casualty, after more than 34 years of service. H. W. Miller, general U. S.



L. S. Jones



H. W. Miller

attorney and chief officer of the Commercial Union-Ocean group, will become U. S. manager of Ocean and president of Columbia Casualty. T. B. Kelley will become deputy U. S. manager and vice-president of the companies in the group.

Mr. Jones, a lawyer, joined Ocean Accident in 1923 in the claims department at Minneapolis. He served similarly at St. Paul and later became superintendent of claims in Chicago. In 1930 he was appointed assistant manager at Chicago and in 1939 manager.

He was appointed assistant U. S. manager in 1946 and moved to the head office in New York. In 1947 he was appointed to the top posts of the two insurers.

Mr. Kelley joined Commercial Union at Syracuse in 1938. He was special agent in Buffalo in 1939. Returning to Syracuse in 1940 he was special agent there until 1946 when he moved to the head office as secretary.

Four Policyholders Sue Mutual Of Omaha Over Life Company Purchase

Four California policyholders of Mutual Benefit H.&A. have filed a \$23½ million suit against the company and its officers in federal court at San Francisco. They charge a conspiracy to use the company's facilities and assets to build up United Benefit Life to the detriment of Mutual Benefit H.&A. The complaint charges that the conspiracy, which began in 1927, resulted in the sale of United Benefit to Mutual Benefit H.&A. for more than \$23½ million.

The four policyholders are Clifton Hilderbrand, D. G. Pafs and L. B. Nadeau of Oakland, and Mrs. Eunice R. Voerckel of Pleasanton, Cal. Individuals named in the complaint are N. L. Criss, medical director, V. J. Skutt, president, William D. Lane and E. S. Adams, directors, and C. Truman Redfield, Chicago general agent and a stockholder.

P. E. Horn, general counsel of Mutual Benefit H.&A., said in a statement that Mutual of Omaha has no knowledge of the suit other than what has been carried in a United Press dispatch. However, he said, it appears that the suit is an attempt to relitigate a question decided in favor of the company in 1952 in Douglas county, Neb., district court, in a similar policyholders' suit.

Plan Program For Hoosier Agents Nov. 18-20

The headquarters office of Indiana Assn. of Insurance Agents is mailing to members a resume of the program for the annual convention Nov. 18-20 at Indianapolis.

The meeting will begin with a luncheon Monday at which Frank Schaffer of Doremus & Co. will describe the proposed NAIA advertising program. This will be followed by separate sessions throughout the afternoon. One session will begin with a talk on storekeepers' burglary and robbery insurance by William G. Traver of Wolverine, and will include a panel discussion on the farm survey and credit rating plan by three company farm department representatives from Chicago, and a discussion of group life and A&S. At the other session, Guy Ferguson of Ferguson Personnel of Chicago will talk on agency management and personnel problems, and John H. O'Hara, association counsel, will discuss taxes and agency perpetuation.

That evening the local board officers will have a dinner and conference.

The second morning will begin with a keynote address by Commissioner A. C. Palmer of Indiana, followed by an inspirational address. That afternoon the association will hold its business meeting and election.

Speakers the final day will be Richard D. Teubner of Tulsa, on "A Young Agent Speaks Out;" Maurice G. Herndon, Washington representative of NAIA, on "The Washington Picture;" Douglas N. Avery of Ohio State University, on "Salesmanship," and Walter L. Sundstrom, western manager of Factory Insurance Association, who will talk at the luncheon on "Meeting Competition Through FIA."

American Casualty Names Maus In Ocean Marine

American Casualty has appointed Rudolph B. Maus ocean marine manager at New York. A marine specialist, he entered the business with W. J. Roberts & Co., marine manager, in 1935. He was later a marine underwriter with William H. McGee & Co.

Ark. Agents In Drive For Membership Gain

Arkansas Assn. of Insurance Agents has begun a campaign to bring membership up to 400 by Aug. 31, 1958, the end of the current fiscal year. Present membership of the Arkansas association is 310.

W. G. Cobb, Little Rock, vice-president, is in charge of the drive, and is assisted by group chairmen in each of the 11 regions.

Fireman's Fund Makes Several Field Changes

Several field changes have been made in the Eastern department of Fireman's Fund.

J. Howard Holliday succeeds Carlton Timberman as fire manager for Pittsburgh. Mr. Timberman retired on October 31, after more than 34 years with the Fund. Mr. Holliday, with 18 years experience in both underwriting and production work and who has been a fire special agent in the Pittsburgh area since 1956, will work under the general supervision of Group Manager Denny W. Speidel.

Special Agent Edward J. Keane has been added to the Pittsburgh staff to assist Mr. Holliday. Mr. Keane has been in the insurance business since 1946 and formerly supervised the suburban underwriting section of the Fund's metropolitan fire department in New York City.

In the Buffalo office, Elmer F. Heinlein has been appointed casualty special agent, replacing Gerald W. Schmidt. At Syracuse, Alexander J. Stanislaw has been appointed casualty special agent, and John W. Stevens has been appointed as casualty underwriter. Both men will work under the supervision of Group Manager John J. Rooney.

Johnson & Higgins of New York has elected five new vice-presidents: Clark T. Foster, Douglas R. Potter, Walter B. Reinsdorf, Edmund T. Springer and Shelby V. Timberlake Jr. Mr. Foster is an actuarial specialist in the life insurance department, Mr. Potter and Mr. Springer account executives in marine, Mr. Reinsdorf senior marine claims adjuster, and Mr. Timberlake an account executive in marine cargo.

Insurers Held Liable For Explosion In Big Radiation Loss

The U.S. appeals court at Cincinnati has upheld a district court jury verdict that the bursting of a capsule containing radioactive salt was an "explosion" under the terms of extended coverage and business interruption policies, and that the insurers are liable for \$103,932 contamination loss to the stock of Keleket X-ray Corp. and \$7,735 time element loss for a five-month shut-down.

Insured cross-appealed the allowance for business interruption, but the appeal court upheld the finding of a special master in this respect. However, the appeal court did disallow a \$19,862 item for decontamination approved by the district tribunal.

Attorneys and underwriters have shown a wide interest in the case.

Citizens, Home, North America and World F.&M. had fire and extended coverage policies on Keleket's stock, materials and supplies. American Alliance, American Eagle Fire, American & Foreign, California, Mercury, and World F.&M. carried the business interruption against fire and E. C. North America settled its liability with Keleket and was not a party to the appeal.

Testimony in district court was that a capsule containing highly radioactive radium salt had exploded and was disseminated throughout the plant, which manufactured radiation measurement instruments such as geiger counters, dosimeters, etc. Such equipment has to be calibrated and then tested for accuracy against actual radiation.

The pocket dosimeter, which resembles a fountain pen and may be worn in the same manner, consists of a plastic tube containing a small electrometer for measuring the amount of radiation to which it and its wearer have been exposed. In calibrating the dosimeter, a radium needle, commonly used by the medical profession in radiation therapy, was used. Keleket used a specially constructed calibration stand to store the radium needle in a lead vault or pig when it was not in use. The radium source was raised from the pig by use of air. It was held there for the calibration process and then released by an electrical timer and returned by gravity into the storage vault.

The radiation source was an iridium-platinum capsule of radium barium sulphate, a fine powder. On July 24, 1951, a physicist sought to elevate the capsule to the calibrate position when he heard a pop and observed the emission of a white mist from vent holes at the top of the stand. The radioactive powder thus released, along with radon gas, permeated the plant and contaminated it throughout.

The insurers argued that no explosion occurred, but the appeals court said the evidence supports the verdict of the jury. Extended coverage insured against losses resulting from explosions of both large and small magnitude. Evidence showed the capsule was intact immediately prior to the accident. Qualified scientists calculate the gas pressures in the capsule would range from 98 to 440 pounds per square inch—sufficient, the court said, to cause the explosion.

The report of a special master as

(CONTINUED ON PAGE 43)

Late News Bulletins...

(CONTINUED FROM PAGE 1)

did not meet the standards of the law in that respect. He indicated there was too great reliance in the filing on estimated losses, especially for the 1956 policy year and suggested use of a longer period than 1955-56 to produce greater credibility. He also opined that the loading for general administration expense is unsoundly based.

He also wrote the bureaus that compulsory auto has not been in force long enough to tell what the results will be under it, particularly the greater number of autos insured.

Reject Harrison As Texas Commissioner

The Texas senate Wednesday rejected William A. Harrison as state insurance commissioner. However, Joe P. Gibbs, David B. Irons and Penn J. Jackson were confirmed as members of the insurance commission. Mr. Harrison, former assistant state auditor, was the first commissioner named under the reorganization plan of the Texas department backed by Gov. Price Daniel at the last session. The rejection was regarded as an indirect slap at Gov. Daniel, dating back to his insistence on passage of the highly controversial bill to revise insurance regulation in Texas. The conference committee on the bill inserted the provision that the board's appointment of a commissioner would be subject to senate confirmation. When Mr. Harrison took office Aug. 5 he was lauded by Mr. Jackson for his "honesty and incorruptibility." He is a career state employee, and took part in much of the investigation of the collapse of U. S. Trust & Guaranty. Under the law, the insurance commissioner would get \$20,000 annually and be subject to confirmation every two years.

Wohlreich & Anderson Names Scheffey In Pa.

Wohlreich & Anderson, insurance brokers with offices in New York, Connecticut, New Jersey and Maryland, has appointed Charles W. Scheffey assistant secretary and manager of the new Pennsylvania branch in Philadelphia. The firm specializes in aviation insurance, reinsurance, ocean marine and excess and surplus lines.

Mr. Scheffey entered insurance with American Casualty in 1941. He was later with North America, specializing in aviation coverages. Prior to joining Wohlreich & Anderson he was with Stewart, Smith in New York.

A talk on extended coverage under motorist income protection policies was given at the dinner meeting of Wisconsin Valley Adjusters Assn. attended by 30 adjusters from northern and central Wisconsin. The speaker was Joseph Pfiffner, home office liability claims specialist at Hardware Mutuals.

National Bureau Revises M&C Liability Rates

National Bureau of Casualty Underwriters has revised bodily injury and property damage liability rates for manufacturers and contractors classifications in seven states, effective Nov. 13. The changes involve Idaho up 5.7%, Nebraska down 10%, New Hampshire up 3.2%, North Carolina down 10%, South Dakota up 4.7%, and Vermont up 3.2%.

The payroll rule revisions are the same ones being adopted by National Council on Compensation Insurance and state compensation rating bureaus. The revision provides for an increase in the amount of payroll to be included for premium computation purposes of \$100 per week to \$300 per week. The revised rule also provides that the minimum per week for each executive officer be increased from \$30 to \$50 and the maximum be increased from \$100 to \$300 and that the fixed annual amount under the "individual insured or co-partnership"

rule be changed from \$3,600 to \$5,200 each.

These changes are more realistic in light of present conditions. Also, consistency in the rules for workmen's compensation and M&C liability will result in reduced bookkeeping costs to both insured and insurers.

W. Va. Assn. Head Says Divers Volume Is Key To Well-Balanced Agency

Developing a diversified business among many different forms of insurance is the key to a well-balanced agency that can survive adverse trends and economic situations, Rosser Long Jr., Fayetteville, W. Va., agent, declared at the graduation dinner concluding the 165th session of the Aetna Casualty sales course in Hartford.

Mr. Long, now serving his second term as president of West Virginia Assn. of Insurance Agents, was graduated from the Aetna Casualty training school in 1946.

Account selling, utilizing the various commercial and personal plans, will help to pave the way toward development of a diversified agency business, he told graduates. He stressed the importance of creating new business in all lines as well as handling renewals on policies already in effect.

Discussing agency management, he urged that more attention be devoted to premium collections and advocated making definite arrangements for payment when the policyholder agrees to purchase the coverage.

Blue ribbons for high scholastic standing in the course went to Gilbert L. Burnham, St. Joseph, Mo.; Darrell Jones, Homer, N. Y.; George J. Mahoney, Clearwater, Fla.; Paul J. Rask, Portland, Ore., and Robert N. Seide, New York. Gold ribbon awards for demonstrating outstanding soliciting techniques were given to James L. Will, Evansville, Ind.; Kaylor C. Whitehead, Pasadena, Cal.; Joseph B. Doherty, Andover, Mass.; Louis Lowenstein, Cincinnati, and Messrs. Burnham, Jones, Mahoney, and Rask.

Rhode Island Proposes Out-Of-Court Settlement Of Hopps Fraud Suit

Commissioner McConnell and Attorney General Brown of California are studying a proposal by the state of Rhode Island for an out-of-court settlement of the eight-year old, \$7,940,315 fraud suit brought by the two states against Stewart B. Hopps et al., resulting from the failure of Rhode Island Ins. Co.

While the proposed settlement amount is a large sum, Mr. McConnell said, it is comparatively small in relation to the amount of the suit and the position of the company's creditors must be taken into account.

The company was declared insolvent in 1949 and Mr. Hopps was charged with defrauding the company. Another suit for \$2,809,701 pending against Mr. Hopps in federal court in San Francisco, was brought against him last year by the receiver for Inland Empire of Salt Lake City.

Wisconsin Mutual Company Agents Set Annual Meet

Wisconsin Federation of Mutual Insurance Companies will hold its annual agents' convention Nov. 19-20 at the Schroeder hotel, Milwaukee. Robert Barber, West Bend Mutual, Federation president, will open the meeting at 2 p.m., when John J. Kraniak, Milwaukee, Shelby Mutual, president of the Wisconsin 1752 Club, and Michael Durante, Milwaukee, president of Wisconsin Assn. of Mutual Insurance Agents, will be presented.

Speakers will include Lloyd Yaudes, executive secretary, Wisconsin Mutual Insurance Alliance; Madison, discussing "New Insurance Legislation;" Erwin Gaumnitz, dean of the University of Wisconsin School of Commerce, "The Insurance Industry Looks Ahead," and Joseph T. Meek, Illinois Federation of Retail Assns., "Look At Your Profession." Commissioner Paul Rogan and Mayor Zeidler will be guests at the annual banquet.

The second day there will be an Early Risers breakfast and a panel discussion sponsored by the agents association and moderated by Edward Schwartz, Jacobs agency, Janesville. Panelists will be Gene Erickson of Reitan-Lerdahl agency, Madison, on "Selling Homeowners;" Pat Mares, Mares agency, Appleton, "Prospecting;" Duane Ellickson, Ellickson agency, Wautoma, "Advertising;" Jack Belhumer, All Risk agency, Milwaukee, and Robert Damon, Shelby Mutual, "Agents Trust Accounts."

Also, at a 1752 Club sponsored session, R. K. Fowler, Indiana Lumbermen Mutual, will speak on "Company and Agents Problems Under Multiple Line Operations," and Richard M. Heins, University of Wisconsin School of Commerce, will discuss "Back To School."

N.Y. Insurance Anchor Club Elects

James J. Gately of General Adjustment Bureau has been elected president of Insurance Anchor Club No. 21 of New York succeeding Joseph M. Pregoner, broker, who served as president for five years and who continues as trustee. Thomas J. Calogero of the state insurance department, Alfred A. Lyons of M. C. Feldman & Co., and George N. Lang, of Great American, were elected vice-presidents; William H. Loon, of General Adjustment Bureau, recording secretary; Philip Dose of New York Board, financial secretary; William L. Blucher, of General Adjustment Bureau, treasurer; John B. Mullin, of Herbert L. Kohns Co., advocate; Francis Donohue, of the insurance department, guard, and Francis J. Jakobiak, of North America, warden.

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Analyzes Package Policies For Areas Of Trouble

G. F. Stratton of Boston, an independent adjuster, warned Massachusetts Assn. of Insurance Agents during its convention there against the use of the term "all risk policy." It has a desirable sound to insured and may make a sale, but also creates future adjustment difficulties unless it is made very clear that the contract is a limited all risk physical damage policy. Perhaps some such term as "gen-

eral multiple risk policy" is safer, if less tempting, he said.

He said that the package policies are so broad that misunderstandings constantly arise. These can be cleared up, he believes, if it is kept in mind that if a force against which insurance is carried causes other forces to come into being which, in turn, cause damage, the insurance covers the damage caused by the secondary force, even

if the secondary force is not mentioned in the policy as covered by insurance. A corollary to this is that where the primary force is not included in the policy, a damage caused by the secondary force is covered if it is not excluded. For example, a pipe breaks or leaks because of rusting or deterioration. The resultant flow of water causes damage to other items. The insurer does not pay for the pipe, since it is excluded, but it does pay for the resulting water damage because it results from the secondary cause of water leakage, which is not excluded.

He suggested that careful distinction must be made between two classes of policy terminology—limitations of coverage and limitations of types of damage or measures of damage. Coverage deals generally with perils or forces. The second category deals with the effect of that force or forces on objects or things.

Package policies are well written and are good policies for both the public and the insurers, Mr. Stratton said. Companies generally have been quick to make corrections as they appeared necessary. Agents and adjusters should attempt wherever possible to throw oil on the troubled waters when troubles appear and thus give the companies time to refit these coverages to the new and changing situations that arise.

He noted that a new concept is contained in homeowners C which has not caused serious difficulty but may do so eventually. In the extension of coverage there is a provision for paying insured the full cost of replacement without deduction for depreciation. Thus there are reflected values and losses to values that were not in being at the time of the occurrence, whether that occurrence is fire or something else.

It is a new concept for insured and adjuster to attempt to agree upon something other than an item in actual being. No provision, he noted, is made for the arbitration of replacement costs of damage or replacement value. Until

this coverage is changed, if it is, adjusters must and will do their best to arrive at equitable solutions, or even to arbitrate outside of the statute by familiar forms of arbitration. The imperfection exists, however, and agents should minimize the situation and guide insured into a cooperative agreement wherever possible, he advised.

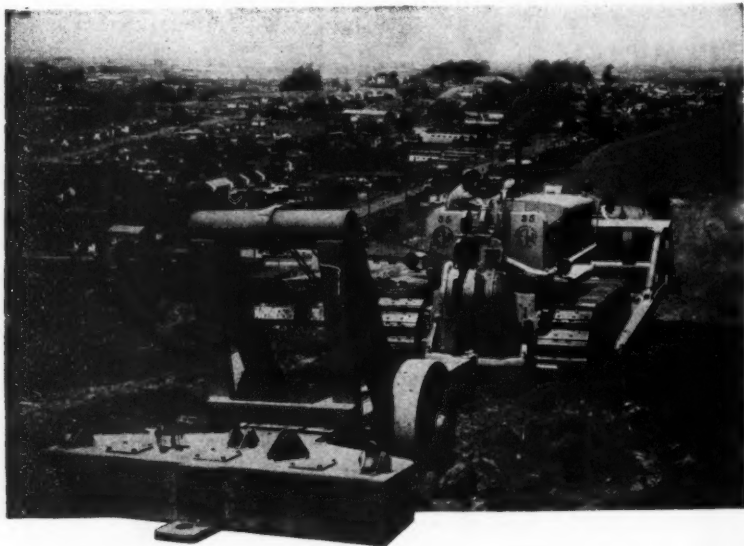
Speaking of arbitration by reference, he called attention to a Massachusetts supreme court decision, *Fox vs Employers*, a new one, which seems to give referees the right to distinguish the damage caused by individual and different forces instead of, as formerly, rendering a single award of the total damage regardless of how caused. This will, he believes, be very useful when it is necessary to arbitrate to distinguish between a force falling within the coverage and one falling outside of it. Its mere presence, he thinks, will tend to bring about agreement rather than tempt insured to refer to arbitration.

He called attention to the personal liability coverage in homeowners which does not apply to injury, sickness, disease, death or destruction caused intentionally by or at the direction of insured. The word insured includes minors in the care of insured, and there have been a good many cases in which children intentionally cause damage. These could be culled out at the agency level if agents keep this in mind, he said.

He called attention to the fact that under the all risk type of policy the burden is on insurer to show that the damage is excluded whereas under named peril coverage it is up to insured to show that the damage is covered. Thus the burden of proof under the all risk type of policy seems to make things easier for insured.

The package policies are quite good and are here to stay, he said.

General Adjustment Bureau's Merced, Cal., office has been moved to new quarters at 537½ West 26th St., Merced.



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Banker Gives Mutuals Dutch Uncle Advice On Costs, Staff, Cover, Big Fire Deductible

A realistic fire deductible, \$500 on all risks and \$1,000 on most, would be accepted by his bank, P. V. Hembdt, assistant secretary of the Federal Land Bank at Springfield, Mass., told the farm fire conference at the convention in New Orleans of National Assn. of Mutual Insurance Companies. This would, he said, help hold down rates and losses for small mutuals.

He also emphasized the need of these mutuals to grade up their staffs. Those who work for them never have been paid high enough salaries.

Are mutuals charging for coverage they provide? he asked. For example, shouldn't a policy written for both

mortgagee and insured cost more than a policy written for one insured?

Some mutual coverage is substandard, he said, and some mutuals give slow service.

Some mutual men believe much of the emphasis on package policies is a competitive effort to embarrass single line mutuals, Mr. Hembdt observed. If this is so, or if the use of investment income to offset losses is the basis of combination policies, mutual companies must develop their fringe coverage with utmost consideration

for the company's security and member needs, he declared.

A mutual package policy should only be created to provide service and not to produce volume, he said. Here the mutual must admit which coverages are gimmicks and which are of member benefit. There is a definite place for package policies. But they should be limited to those mutuals with sufficient insurance know-how and financial ability.

The package does save expense, he said. The theory that under a comprehensive policy people will accept unwanted coverages and pay for them is also true but hardly in keeping with mutual philosophy. However, the concept that coverage can be extended to cover risks for which companies are not fully compensated and that large volume and risk spread will compensate for the inadequate premium income has been proved false by practically all fire and casualty insurers, stock and mutual, in the last year or two.

He said it is unbelievably unsound to use the same fire rates for two entirely different bases of loss settlement—replacement vs replacement less depreciation. He also suggested the possibility of a realistic deductible, perhaps \$200 or \$300. This field has not been properly investigated, rated, or presented to policyholders. Deductibles need selling. Mortgagees are favorable. His organization, he said, would not hesitate to accept \$500 deductibles in any case, and on a substantial number of loans would not object to \$1,000. People today can self insure the first \$100 to \$1,000. This would greatly reduce loss adjustment expense.

He emphasized the need of recruiting and training successors to present management. He noted that the ability of a director of a mutual to set policy is not necessarily related to the ability of a director to write policies. With many companies contemplating package policies, it is very important that there be no conflict of interest when a director agent is acting also as a director policy-maker.

He also emphasized the need of weeding out inept producers and developing more capable agents. While it is reasonable to oppose legislation requiring mutual directors who act as agents to pass licensing examinations, it is unreasonable to oppose the requirement of passing a limited fire examination. To oppose limited examination may be more costly to mutuals and their members than reasonable state qualification, he declared.

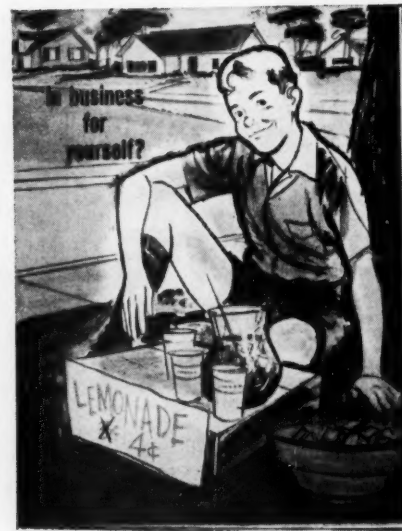
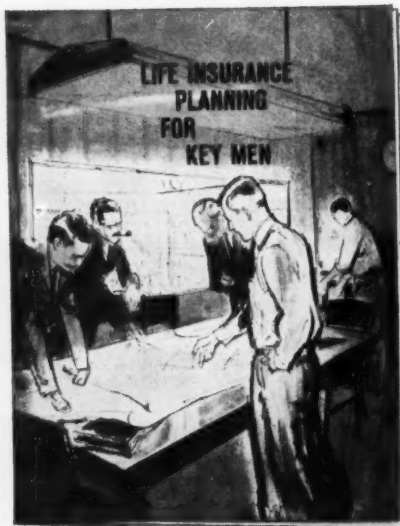
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(CONTINUED ON PAGE 30)

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Audience sources: A Study of the Household Accumulative Audience of LIFE; A Study of Four Media.

Claims Men Point Out Difficulties Caused By Lack Of Standard Definitions Of A&S Terms

Insight into the difficulty caused by the lack of standard definitions of A&S terms was given by a panel of claims men at the annual individual insurance forum of Health Insurance Assn. of America at New York.

The moderator was George F. Monks, manager of A&S claims of New York Life. Participants included Roland S. Jack, claims vice-president of Monarch

Life, Elmer J. Rasmussen, manager of the A&S claims department and executive superintendent of A&S underwriting of Continental Casualty; J. A. Cairns, vice-president of Federal Life & Casualty; Godfrey M. Day, 2nd vice-president of the claims department of Connecticut General; Kenneth C. Berry, 3rd vice-president of A&S claims of Lumbermens Mutual Casual-

ty, and Howard LeClair, vice-president of Mutual Benefit H.&A.

Mr. Jack said it has become increasingly difficult to determine total disability because of differing definitions of disability as it pertains to occupation and because of interpretation of total disability by the public and the support given by the courts. The definition causing the principal difficulty is the one which states: "Whenever used in this policy total disability means the complete inability of the insured to perform any and all of the duties of

his regular occupation." The definition of "inability of the insured to perform the duties of his occupation" has been construed literally to mean the inability of the person to perform the particular duties of his regular occupation.

This has created problems and resulted in payment of benefits to people who may not have been able to perform their particular duties in one occupation, but who were able to perform the duties of another occupation in an equally lucrative field. Everyone should speak the same language pertaining to total disability, Mr. Jack said. He pointed out that one company is obliged to continue payments under its policy when another company using another definition could justifiably be relieved of payment.

Mr. Rasmussen said the health insurance industry has learned that policyholders and courts do not necessarily speak the same language as employed by companies in writing policies. It was this theory that prompted Continental Casualty to change its insuring clause wording to state that the policy insures against "bodily injury caused by accident and resulting directly and independently of all other causes in loss covered by this policy."

Definition of the word "accident" has caused most of the controversy and litigation involving the insuring clause. The accident insurance business early recognized that death and disability could result in a number of different ways. Insurers were prone to be overcorrect in their attempts to word the policy so that they could only be required to pay for the contingency insured against. Mr. Rasmussen concluded that redundancy of wording and widespread lack of uniformity creates confusion in the minds of policyholders, courts and even company representatives.

Mr. Cairns said the term "disability insurance" can cause misunderstanding and complaint. When unemployment follows disability, the little failings of human nature turn policies from disability insurance into income protection insurance. When retirement follows illness, these same characteristics tend to blur the fine line between sickness or accident and old age. Modern long-benefit-term policies accentuate this.

Perhaps disability benefit and income protection are similar terms and even synonymous in some minds, Mr. Cairns said. Although it is only a short step from income protection to retirement, since retirement is a form of income loss, retirement itself is wholly unrelated to accident or sickness disability. Yet, claims men can cite cases where the insured has mentally de-

(CONTINUED ON PAGE 38)



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Buyer Defines Value Of Agent, Stresses Loss Prevention Plan

The professional agent or broker who is of the greatest value to the industrial insured is the one most capable and proficient in the areas of price, quality and service, according to Neill F. Crowley, assistant insurance manager of American Cyanamid Co.

Mr. Crowley spoke to Massachusetts Assn. of Insurance Agents at its annual meeting in Boston.

In the area of price, he said, the agent or broker should present a realistic rate which will stand the test of time and experience on the individual account. Quality boils down to furnishing to his account the most comprehensive form with the fewest exclusions available. As to service, the agent or broker can make himself indispensable, he said, if he goes beyond the "call of duty" and voluntarily renders intelligent loss adjustment service, risk surveys, audits, and last, but actually first, continuing loss prevention.

To the insurer and insured, prevention of losses is the key to increased profits. From the standpoint of the insurer, decreased losses would revise underwriting losses to profits and for insured means continuity of operations, he said. An effective and solid loss prevention program must be evolved with the cooperation of the insurer, agent or broker, and insured, and must be given continued attention.

Any loss prevention program should include analysis of the losses of insured, as well as those of others in the industry, on the basis of primary causes rather than the effect or result of that cause, he said. This is the largest—and so far unexplored—area of losses, namely, the "human element," and the sooner this area is spotlighted, the better.

Cascade In New States

Cascade, the low-rate auto affiliate of United Pacific which has been operating only in Washington, has been licensed in Oregon, Idaho and Utah and has filed rates for private passenger automobile 15% under bureau in Oregon and Utah and 20% under the bureau in Idaho.

John R. Wiest Joins Citizens Casualty As V-P In Underwriting

John R. Wiest has joined Citizens Casualty of New York as vice-president

in charge of underwriting. He was formerly vice-president of Holland-America and its affiliates, Insured Facilities Corporations of Illinois and Missouri. In his new position he will also supervise development of the special risks and excess of loss departments of Citizens Casualty.

He has been in the business for 25 years and is experienced as a rate analyst and statistician, auditing and engineering supervisor, procedures administrator and underwriting superintendent.



John R. Wiest

Safety Engineer Calls On States To Effect Uniform Traffic Laws

Irvin S. Markel, president of Markel Service, truck and bus safety engineers, urges that individual states be as progressive in effecting uniform auto traffic laws as they have been in complying with uniform safety regulations for interstate motor carriers. He maintains that the federal government must take the step unless the states adopt uniform regulations for all cars, trucks and buses.

The states, however, have been reluctant to do so. Latest figures show only one state complies with the uniform vehicle code, he said. He foresees the government withholding federal highway construction program funds from states refusing to adopt uniform traffic laws.

Expands Birmingham Office

Standard Accident has set up a full underwriting service office at Birmingham, Ala., under the supervision of Robert T. LaMond, field representative. Underwriting operations will be handled by James Burkhalter, who has been at Atlanta.

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Agency Executives Suggest Solutions To Management Problems

Persistence, training, marketing, relations between home office and field, and brokerage business were among the problems discussed in an agency management panel presented at the annual individual insurance forum held at New York by Health Insurance Assn. of America.

Moderator was I. A. Maher, 3rd vice-president of Washington National. Speakers were Allen Cureton, assistant vice-president and director of A&S agencies of Republic National; William C. Woodyard, superintendent of the individual A&S department of Zurich; Raymond C. Swanson, agency vice-president of Monarch Life, and E. D. Speer, vice-president of Great American Reserve.

The agent plays an important part in improving A&S persistency because he is the only contact most people have with the company, Mr. Cureton said. The salesman should be a career agent and A&S policyholder who realizes that the business that stays is the business that pays. He must believe that every working person should protect his income. He should be honest in his interviews and deliver the policies personally to point out what the coverages will and will not do, thus avoiding misunderstandings that might take the contracts off the books. He should not lose touch with his clientele and he should work in the community where he resides.

The company should give agents a good training program that teaches a thorough knowledge of coverages, Mr. Cureton said. Salesmen should be trained to call on clients healthy and wealthy enough for the coverage they need. The company must believe that A&S is a primary part of an insurance program, not just a fringe benefit. Claims and policyholders service departments must realize this and be cooperative, prompt and courteous in handling claims and correspondence.

Mr. Woodyard said ideas for marketing A&S are limited only by one's imagination. Few coverages can stimulate the imagination as A&S does. As an example, he described an accident policy that supplements workmen's compensation. It is an accident loss of income policy written on an individual basis. The agent can sell it to employers while closing a workmen's compensation case.

Until the loss of income from death or disability is covered, Mr. Swanson said, hospitalization should always be a secondary item. The family buying only hospitalization coverage is much like the family with only a clean-up fund in life insurance. Although medical and hospital expenses are high today, nearly all large medical bills are accompanied by long periods of disability. The loss of income can exceed the medical bills.

Turning to the matter of creating good relations between the home office and field, Mr. Swanson said everyone in a home office service department dealing directly with the field force should have a fairly complete understanding of the compensation plan for agents. To a home office man without point-of-sale experience, one application or one policyholder does not seem as important as it does to the individual agent. The home office underwriter should recognize that the agent, being a salesman by temperament and having a financial stake

in the application, naturally will try to sell the idea of issuing the policy and is not being difficult. A word now and then that the home office underwriter knows what the agent has gone through to obtain the application will lessen the sting of the rejection.

Any letter from any service department which irritates a policyholder will, in turn, irritate the agent. Great care should be taken in handling all policyholder relationships to avoid losing them through negligence or irritating letters. These letters are bound to widen any gap between home office and field, he said.

After two years of aggressive campaigning, Great American Reserve is securing 20% of its total new business from the brokerage field and has obtained enough volume to find that persistency in this area is considerably better than that produced by career men in the same period, Mr. Speer said. This probably is due to the fact that is low pressure business sold by men not under the drawing account compulsion to close sales. In the claims area, the company has found no discernable difference between the

career men's business and that of the broker.

Acquisition costs seem very favorable in the brokerage operation, as compared to that of career men. However, the business acquired from both has built-in field costs. Brokers have been selling more premium per case than the career men. Brokers generally would rather offer a high premium plan and miss the sale, while career men often seek to make the sale the easiest way possible. However, there are advantages to both the brokerage and career man systems, he said.

Open New Travelers Offices

Travelers has opened new agency and service offices in Hackensack and Mobile.

The Hackensack office is under the supervision of the Newark branch. Frank J. Reinecke is assistant life and A&S manager. The Mobile office is under the supervision of the Birmingham branch. Carl Arnett is assistant life and A&S manager, Stephen D. Johnson Jr. resident adjuster, and K. J. Altmyer, resident engineer.

J. M. Durling Retires, Clark N. J. Manager Of Standard Accident

Standard Accident and Planet have appointed L. Gilbert Clark manager in New Jersey to succeed John M. Durling, who has retired.

Mr. Durling joined Standard Accident as an inspector at Rochester, N. Y., in 1921, became field representative in New Jersey in 1929 and was named supervising representative in 1930. He was appointed assistant New Jersey manager in 1931, manager in 1941, and was named resident vice-president in 1945. He became resident vice-president for Planet in 1950.

Mr. Clark entered insurance as a special agent for Springfield F&M in western New York in 1925 and later served in that company's New Jersey territory. He joined Standard Accident in 1946, became supervisor of fire and marine operations in the New Jersey and Philadelphia areas in 1948, and was appointed fire and marine department manager in 1950. He became assistant New Jersey branch manager in 1956.

Greetings—Indiana Association of Insurance Agents

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Burglary



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Plate Glass



Compensation



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INSURANCE COMPANY

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Kansas City 5, Missouri

Convention Dates

Nov. 17-19, Kentucky Assn. of Insurance Agents, annual, Kentucky hotel, Louisville.
 Nov. 17-20, Indiana Assn. of Insurance Agents, annual, Claypool hotel, Indianapolis.
 Nov. 18-19, Illinois Assn. of Mutual Insurance Agents, annual, Orlando hotel, Decatur.
 Nov. 19-20, Wisconsin Federation of Mutual Insurance Companies, annual agents convention, Schroeder Hotel, Milwaukee.
 Nov. 21-22, Casualty Actuarial Society, annual, Sheraton hotel, Philadelphia.
 Nov. 21-22, Mutual Insurance Agents Assn. of New England, annual, Somerset hotel, Boston.
 Nov. 30-Dec. 1, Montana Assn. of Mutual Agents, annual, Northern hotel, Billings.
 Dec. 2-6, National Assn. of Insurance Commissioners, midyear, Commodore hotel, New York City.
 Dec. 6, Insurance Accounts Assn., New Yorker hotel, New York City.
 Dec. 11, Eastern Underwriters Assn., annual, Biltmore hotel, New York City.
 Dec. 27-28, American Assn. of University Teachers of Insurance, Bellevue-Stratford hotel, Philadelphia.

1958

Mar. 14-15, Tri-State Mutual Agents Assn., Lord Baltimore hotel, Baltimore.
 May 1-3, Louisiana Assn. of Insurance Agents, annual, Edgewater Gulf hotel, Edgewater Park, Miss.
 May 22, Midwestern Independent Statistical Service, annual, Bismark hotel, Chicago.
 June 11-12 Wisconsin Assn. of Mutual Insurance Agents, annual, Schwartz hotel, Elkhart Lake.

Six Months Results Of Two Phoenixes Switched

In the tabular listings of companies' results for the first six months of 1957 as reported to the California department, shown on page 50 of the Sept. 12 edition, incorrect figures were listed for Phoenix of N. Y. and for Phoenix of London. Actually, those results shown for Phoenix of London apply to Phoenix of N. Y., and the figures listed for Phoenix of N. Y. should have been captioned "Phoenix of Hartford."

The correct figures are as follows: During the first quarter of 1957, Phoenix of N. Y. reported \$6,585,535 earned premiums, underwriting loss of \$716,186, net investment gain of \$370,073, and decrease in surplus of \$58,790. For the first six months of the year the company had \$13,174,309 of earned premiums, net underwriting loss of \$1,346,641, net investment gain of \$945,824, and decrease in surplus totaling \$463,753.

Phoenix of Hartford during the first quarter of the year earned premiums of \$11,890,341, had a net underwriting loss of \$1,461,592, a net investment gain of \$1,167,221, and a decrease in surplus of \$10,638,352. Totals for the company for the first six months' period were: Earned premiums \$24,482,442; net underwriting loss \$2,521,637; net investment gain \$2,399,038, and decrease in surplus of \$6,452,717.

Dallas Agents Elect

James E. Wallace has been elected president of Dallas Assn. of Insurance Agents succeeding W. Nicholas Williams. Other new officers are William L. Carter Jr., vice-president and Jack L. Curtis, executive secretary and treasurer. New directors are: Dwight Sleeper, Carie Welch, Donald E. Bowles, Mr. Carter, Robert F. Faures, Mr. Wallace, William Roberts, William Steele, M. J. Mittenthal, Mr. Williams, Arthur Simpson, and Pat Patrick.

Mission Indemnity To Sell Stock

Mission Indemnity of Pasadena has applied to the California department for a closed permit to issue and sell up to 267,584 shares at a price of \$2.50, of which 200,000 shares will be sold to Sayre & Toso, two other corporations, their associates or employees, and H. E. Sayre and H. J. Toso. Under an optional purchase agreement, 67,584 shares are to be sold to Sayre & Toso at a price of \$4 before the end of five years.

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COMMENTS

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Unique Law Ruling Miss. Commission Rate Is Ruled Out

The decision by the Mississippi supreme court, holding that the method of setting commissions in that state is unconstitutional, calls attention to a unique practice, not followed in any other state. The case was Mississippi vs. Allstate, and involved the first judicial test of the constitutionality of the statute, on the books since 1924, which delegates to the majority of stock fire insurers operating in the state the determination of a uniform rate of commissions to local agents.

The first part of the statute involved, Sec. 5825, gives the insurance commission the power to reduce rates charged by stock fire insurers where they make a profit exceeding what is fair and reasonable. The last two sentences of the section create a method of fixing uniform commission rates.

Specifically, the law empowers the insurance commission on Nov. 1 each year to write stock fire insurers authorized to do business in Mississippi and secure their opinions of what commissions they should pay local agents. The commission then compiles the information and advises the rating bureau of the majority opinion. This opinion fixes the amount of commission. The statute says this is done so "that the profits of stock fire insurance companies doing business in this state may be accurately ascertained." The rate of commission is uniform at all times in relation to classes of risks.

Allstate contracted with one of its agents to write fire and extended coverage at a commission of 15% on first year premiums and 6.5% on renewals. The insurance commission had fixed the rate of commission on such policies at 25%.

The facts were stipulated. In addition to paying the 15 and 6.5% commission, Allstate furnished its agent office space, telephone and other utility services and prepared all policies at its expense, etc. Practically all other stock fire insurers in Mississippi have local agents who provide their own office space and other expenses, the court noted.

Allstate challenged the method of fixing the rate of commissions for local agents as unconstitutional. The lower courts held that this part of the law was unconstitutional. The supreme court upheld them on similar reasoning.

The supreme court said that the fixing of the rate of commission is unconstitutional and invalid. The court stated:

(1) Assuming that some power to fix agents' commissions is delegated to the commission, the statute fails to provide adequate standards for the guidance of the administrative agency to which the authority is delegated, and

(2) The statute delegates nothing but administrative duty to the commission, and the legislative authority is

Open SPAN, Begin Operations In Hartford

Presidents of four New England fire and casualty companies—S. Dwight Parker of Springfield F&M, John A. North of Phoenix of Hartford, Clinton L. Allen of Aetna Fire, and E. H. Forkel of National of Hartford—attended opening day ceremonies at the new SPAN building in Hartford.

SPAN, named after the four companies, is an independent organization established to use an IBM 705 data processing system. It is the first cooperative organization created by independent, competing companies to use electronic computing equipment for data processing and accounting, and its building—located on Aetna Fire property at 99 Woodland street in Hartford—is one of the first structures in the country built specifically to house electronic data processing equipment.

The SPAN building houses the administrative, planning and operating personnel of the organization as well as the new electronic brain. The staff consists of 24 persons selected from the four member companies, seven liaison persons from the companies and four full-time engineers from IBM.

There is also a SPAN administrative committee composed of an executive officer of each company. The members are Harlan Pease, Springfield; A. J. Mueller, Phoenix of Hartford; Ragnar E. Anderson, Aetna Fire, and Ralph Brundick, National of Hartford. Mr. Anderson has served as the chairman and project director of SPAN from its inception.

The computing system is leased from IBM and each member's share is determined by the number of hours of machine time used. The staff members have been schooled by IBM in programming and operating the giant computer.

Premiums and losses originating

improperly delegated to private companies.

Court also noted that the provision for uniformity of commission rates is not a criterion to serve as a standard for insuring the powers of the commission. This lack of standard make "nebulous" what power the commission has in administering the act.

In addition, the statute lodges the power to initiate and to determine commissions exclusively in private groups without any power in the commission to modify or revise the commissions.

"The power of a state to regulate the insurance business extends to the reasonable regulation of the compensation paid agents and brokers," the high court declared. But in this case neither the legislature nor public agency undertake to regulate the commissions—the law attempts to delegate the power without standards or boundaries, not to an administrative agency of the state, but to a majority of the stock fire insurers themselves. The insurance commission has no discretion but to put the rates into effect as voted by the majority of stock fire insurers, the court said.

throughout the country are converted to punched cards in the member company offices and sent to SPAN in 10-day cycles. There they are converted to magnetic tape and processed automatically according to groups of coded instructions known as programs. The resulting reports are sent back to the originating member company. These reports meet present management and statutory requirements, but already new tasks in agency accounting, policy renewal and management statistical analysis are in preparation.

The large computer is capable of working logical decisions and choosing different courses of actions based upon predetermined or calculated conditions. The greatest significance, however, of this application to insurance company accounting is the tremendous increase of accuracy and speed. The computer reads at the rate of 15,000 letters or digits in a single second and can recall any one of its instructions in 1/17,000,000th of a second. The computer has a number of self-checking devices which make it virtually impossible for errors to go undetected.

At present, the programs already prepared by the staff are being checked out and tested against increasingly larger volumes of entries selected from the member companies' files. IBM technicians are putting the finishing touches on the machine. Preparations are being made to insure full production beginning Jan. 1, 1958.

The member companies expect many advantages to accrue from the decision to form SPAN, which was reached in May, 1956. By pooling resources and talent all members of the organization have the benefit of large scale computing equipment at a substantially reduced cost over leasing the equipment on an individual company basis. Management will benefit from more comprehensive, earlier reports. Substantial reductions in company operating expense are anticipated.

Ambulance Speeding Usually Unnecessary, Mich. Doctors Find

Excessive speed by ambulances in the great majority of cases does not benefit the injured victim noticeably and sometimes augments the seriousness of the injury, a study by two doctors in Flint, has revealed.

The study, which is reported in the current *Journal* of the Michigan State Medical Society, was made of 2,500 ambulance runs. In 98.2% of the cases, the patient's ultimate fate was not affected by the speed of the vehicle which brought him to the hospital, while in the remaining 1.8%, the patient benefited from quick handling at the scene of the accident but the severity of injuries was increased by the speed of the ambulance.

Assumption of the need for vehicular speed arises out of a feeling of anxiety on the part of the public, the doctors concluded, quoting Dr. Basil

Follmann Outlines Studies Needed To Improve Coverages

Joseph F. Follmann, Jr., director of information and research of Health Insurance Assn., outlined at HIA's annual individual insurance forum at New York the research which insurance companies should undertake to relieve the government from the necessity of entering the A&S field to any greater degree.

He urged more research into the effect of health insurance on the incidence and cost of medical care. Information is needed on the evolution in medical care, the development of broader outpatient care, whether these forms of care are insurable and the effect they might have on the cost of insurance. He asked for more information to judge whether dental care, practical nursing, home nursing and visual care are insurable.

Mr. Follmann advocated more research into the incidence, extent and cost of duplication of coverage where it results in over-insurance, and the incidence and cost of over-utilization and abuse of coverage. The creeping higher costs which often appear to result from the existence of insurance should be investigated, too.

More should be known about the aged, dependent persons, those employed in small groups, those living in rural areas and impaired or substandard risks.

Outlining several types of loss and morbidity experience needed, he said particular emphasis should be placed on certain aspects of major medical and the effects of various types of deductibles and coinsurance. More should be known about the incidence and nature of cancellation and non-renewal and of the cost inherent in any voluntary restrictions of these contractual rights in the instance of deterioration of health.

He suggested that HIA's committee structure, the cooperation of its member companies and its staff be brought into play. Some research needs can be satisfied from many sources outside the insurance industry. In some cases outside research agencies or personnel might have to be engaged for a specific purpose. In this way, creation of too large a staff on a permanent basis can be avoided and special funds can be used aside from the budget of the association. Other organizations such as Society of Actuaries will play their role.

C. MacLean, New York City commissioner of hospitals, as saying that the "average patient would get there soon enough by parcel post."

On the basis of the study, the doctors have recommended that municipal authorities require ambulances to obey local speed laws but retain their sirens and flasher lights to assure right of way in emergency traffic situations.

Ala. Gets Serious On Law Recodification

The Alabama interim legislative committee working on recodification of the state's insurance laws has voted to hire the law firm of Williams & Williams of Seattle, which has a wide reputation for its work in drafting and modernizing insurance codes, at a fee of \$22,000. The committee's appropriation is \$25,000, and at a hearing in Montgomery it was suggested that the insurance business defray part of the

cost of the recodification work.

Richmond M. Flowers, a member of the committee, announced that he had resigned as president of Alabama General to devote his full time to the study. Sen. Broughton Lamberth of Alexander City was elected president of the Alabama company to succeed Mr. Flowers and Rep. Bryce Davis of Cullman was elected chairman. Mr. Flowers indicated that he did not now have any connection with Alabama General in an executive capacity or with any other insurance firm.

Mr. Flowers said that the effort will

be to make the state's insurance laws the strongest and most equitable in the country.

The entire executive committee of Assn. of Alabama Life Insurance Companies attended the committee session to give its views on the recodification. Frank P. Samford, president of Liberty National Life and head of the association, strongly supported the move to retain Williams & Williams. However, he warned the committee that it will not be easy to win approval of a new code.



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Spy Defense Wins Acclaim For Donovan

Col. Rudolf Ivanovich Abel has been convicted of spying for Russia by a jury in the federal court at Brooklyn. Abel's attorney, appointed by the court, is James B. Donovan, member of the New York insurance law firm of Waters & Donovan and general counsel of National Bureau of Casualty Underwriters. Mr. Donovan, a naval officer in World War II and a prosecutor of Nazi war criminals at Nuremberg, undertook the defense of Abel "as a public duty."

These were his own words, and a San Francisco Chronicle editorial, commenting on them, states that "this ascription in view of the despised nature of the defendant's alleged crimes, may at first blush appear preposterously farfetched. But on second thought, it jibes precisely with the hallowed American principle that every malefactor—not excepting Communist spies—is entitled to a day in court and the fairest of all possible hearings."

"Donovan acts and talks like a most preceptive, conscientious pleader. Immediately upon his appointment, for example, he cut short his vacation with his family and hurried to New York to begin preparation of the master spy's defense."

"His comments were exceptionally penetrating. He cited the great difference that exists between a traitor—a man who spies against his own country—and a professional secret agent, carrying out the orders of his own government on a highly dangerous mission, knowing that if caught he will be disavowed and left high and dry on his own."

The editorial further states that "the odds, of course, are prohibitive against Donovan's winning this case. He doubtless knows this and so does Col. Abel. But the appearance of such a lawyer in such a case must certainly contribute to the prestige of American justice, the world around, and at the same time, temper with cold reality the American loathing for the sorry, but necessary, profession of espionage."

Mr. Donovan's acceptance of the Abel assignment and his handling of the case have elicited numerous expressions of approval and respect from judges, attorneys and the general public.

la. AR Members Meet

Charles Bates, Hawkeye-Security, representing other stock insurers, was elected chairman of Iowa Automobile Assigned Risk Plan at the annual meeting at Des Moines. Others elected to the governing committee are: National Bureau, R. W. Clearman, American Surety; Mutual Bureau, George J. Starman, Iowa National Mutual; independent insurers, Howard Lewis, Iowa Home Mutual; other non-stock insurers, Harold A. Watson, Employers Mutual Casualty of Des Moines.

The group took up the question of increasing the deposit premium and requiring it to be in the form of cashier's check or money order. These matters will be acted upon later. Robert L. Hilton is manager of the Iowa plan.

Wiswell To American Surety

A. P. Wiswell, special agent of Great American Indemnity at Seattle, has joined American Surety there as casualty superintendent. He entered insurance in 1946 with Northwestern National at Seattle, and joined Great American Indemnity as special agent there in 1951.

Support For Adequate Rates On Losing Lines Pledged By La. Assn.

Louisiana Assn. of Insurance Agents, at its midyear meeting in Alexandria, passed a resolution pledging full co-operation with all rating authorities on the question of securing adequate rates on classes of insurance where the loss ratios have been unprofitable and reductions in rates for those classes where justified.

Approximately 130 members, guests and company representatives attended the one-day meeting. Reports were given by President I. T. Hart and State National Director Harold Boling, both of Lake Charles, Secretary-treasurer Philip A. Jacobs, Alexandria, and committee chairmen.

Also passed by the association was a resolution commending Louisiana Rating & Fire Prevention Bureau and the casualty insurance division of Louisiana Insurance Commission on their service to agents throughout the state by publication of *Fire Insurance Digest* and *Casualty & Surety Review*. The association urged continuance and enlargement of the publications.

Thomas Q. Winkler, New Orleans, chairman of the property committee, reported on its study of securing a commercial building special form which, in its class, would grant coverages similar to the dwelling special form now in use in Louisiana. It was hoped that such a form would be devised, he said, but at the present time there seems little chance it will be.

The committee also is studying builder's risk forms now available in Louisiana. Particular emphasis is being placed on the foundation clause, included in some of the forms, but not in others, he said, adding it is hoped the matter will be properly concluded in the near future.

Mr. Winkler said there is a move to specially classify dwellings located on or near water on the coast of Louisiana, which are subject to wave wash damage. He said many losses were paid following the most recent hurricane under a compromise settlement which resulted in the feeling that much of the loss was paid for wave wash damage and high tide damage rather than wind damage. There are some who feel that because of this, an increased rate for wind and extended coverage on the dwellings in question would be advisable. This is under study, he said, but no conclusions can be made until the full experience of the recent hurricane is available.

Reporting for the casualty committee, Roscoe A. Bolton, Alexandria, chairman, said the association has been

asked to attempt to have the various forms and endorsements used with casualty policies standardized as has been done with fire forms and endorsements. While this would be very help-

ful, he said, it must be realized that the preparation of casualty forms and endorsements is left to each individual insurer writing casualty coverages in Louisiana. Unlike the situation that

prevails in fire insurance, he pointed out, Louisiana does not have a casualty bureau which adopts and furnishes forms and endorsements for use by all companies.

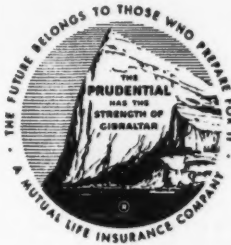
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Growth In Malpractice Cases Could Change Diagnoses, Says Doctor

The growing number of malpractice suits being filed against doctors throughout the country could cause a change in surgical diagnostic practices, said Dr. Leo R. Conley of Columbus, O., speaking at the annual meeting of American College of Osteopathic Surgeons in St. Louis.

Dr. Conley predicted that if doctors

feel they may be called on to justify their actions to an uninformed jury, many may hesitate to take decisive action in recommending or attempting extensive surgery. Suits against physicians or surgeons, he added, are usually heard by a jury which has difficulty understanding the complicated and technical procedures at issue, and the doctor's protection in such cases is to obtain the testimony of some other doctor.

If a patient fails to respond favorably to treatment, it does not nec-

essarily follow that the doctor was at fault or guilty of negligence or malpractice, Dr. Conley declared. The principal reason for the growth in malpractice suits, he said, is the increasing complexity of diagnosis and surgical technique.

Coast Underwriters general agency of Vancouver has elected C. A. deCossons president to succeed James E. Moore, who has resigned. A. N. Stewart has been elected vice-president and treasurer.

Redding Sees Local Agent In Position To Get Sales Decision

The competitive advantages enjoyed by the agent who operates as an independent business man in his community were stressed by Amos E. Redding, secretary of Aetna Casualty, in his talk before the regional meeting of the New York State Assn. of Insurance Agents at Albany.

Mr. Redding pictured the local agent as a man actively interested in local affairs and genuinely concerned with community progress and development, as an individual who serves as a member of the school board, his church or is an officer in other organizations.

"Not only will the independent agent be thoroughly versed in the detailed phases of the insurance business, but he will also know his community and the people in it and their social and economic background," Mr. Redding stated.

A man who is equipped with this information, he said, is in a much better position to apply his insurance knowledge effectively in providing his clients with a properly arranged program of protection.

The "point of difference" is an approved selling technique, and in insurance selling the big point of difference is the agent himself, Mr. Redding said. Furthermore, the agent has this point of difference with him right at the point of sale when he can voice his personal commitment to service, his promise to be ready to act when insured has a claim, and his desire to protect his client's interest in the settlement of the claim, when the value of the insurance is being tested. These factors, Mr. Redding said, usually are conclusive when presented to the prudent purchaser.

Wright And Baxter Are Promoted By Travelers

Travelers has promoted Kenneth Wright to assistant comptroller and Elmer L. Baxter to superintendent of payroll. Mr. Wright joined the company in 1938, was named senior payroll accountant in 1947, and superintendent of payroll in 1955. Mr. Baxter joined the company in the life actuarial department in 1941, transferred to payroll in 1948, and was named assistant superintendent of that division in 1955.

Richmond Agency Burned Out

Fire destroyed the DeJarnette & Paul general agency of Richmond, Va. The loss in the fire totals approximately \$100,000. Several occupancies were involved, including Richmond Federal Savings & Loan Assn.

The agency loss included \$20,000 worth of new furniture. The agency had just completed remodeling its offices. The agency has set up a temporary office in the Richmond Federal building.

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Eye Preferred Auto Rating Plan In N. C.

A proposed preferred risk rating plan for auto liability insurance provoked some questions but drew little opposition at a well-attended public hearing before Commissioner Gold of North Carolina.

The plan was outlined by W. F. Laughlin, manager, and Paul Mize, assistant manager, of North Carolina, Automobile Rate Administrative Office. They said it was filed in accordance with a provision of the 1957 compulsory auto liability act requiring that liability rates differentiate between the driver without accidents and the one with a record of accidents.

Mr. Laughlin urged the commissioner to adopt the plan "as early as possible" to give the rate office time to put it in effect Jan. 1, when the compulsory liability act takes effect. The plan would continue present rates for the driver who had no accidents in the 18-month period starting two years before his policy date. Other drivers would be put in three classifications, with penalties ranging from 5 to 20%, based on number of accidents and whether bodily injury was involved.

Mr. Gold asked most of the questions but seemed most interested in a clause which would count against the driver a wreck for which the company had set aside a claim reserve, although responsibility for the accident had not been fixed by the courts. The commissioner gave strong indication he contemplates knocking this feature out, but Mr. Laughlin and Mr. Mize protested that it is a necessary feature and relates to the most serious types of accidents. E. W. Day of New York, secretary of Lumbermens Mutual Casualty, and member of the rate office governing committee, supported them in this view.

The only protests to the plan came from Earl Johnson and Thomas Williams, both Raleigh agents. Johnson saw "many inequities" in the plan and said he opposed starting the penalties with the very first accident. Mr. Williams called it "the most complicated thing that ever hit the industry" and predicted chaos will result.

To these objections, Mr. Gold pointed out the 1957 act requires some merit rating plan. He invited anyone having a simpler, better plan than that of the rate office to offer it.

The rate office also outlined several rule changes it said should be made because of the compulsory law. Two of these changes would abolish limited policies which now are available at low rates for fleets where the company has more vehicles than drivers and for autos used on military bases.

Chicago Buyers To Hold Loss Prevention Program

Three round table discussions of loss prevention and safety topics will be presented at the Nov. 21 meeting of Chicago chapter of American Society of Insurance Management. Paul Kipp, U.S. Gypsum, will moderate a discussion of fire prevention; Casimir Z. Greenley, International Minerals & Chemicals, will moderate a review of industrial in-plant loss prevention, and R. E. Blakley, Helene Curtis Industries, will referee a panel on fleet safety programs.

Robert L. Chase, formerly special agent at Seattle for Fireman's Fund, has joined Jones & Jones local agency of Aberdeen, Wash.

Agency Corp. Group Adds Two Insurers

Agency Corp. of America, transportation managers for Ins. Corp. of America and Michigan Surety, has broadened its facilities with the addition of Marquette Casualty of New Orleans and Pan American Surety of West Palm Beach to the group. More than 90% of the stock of Marquette Casualty has been purchased, and the group has entered an agreement to buy 100% of the stock of Pan American Surety.

As presently constituted, Agency Corp. group has assets in excess of \$7 million and surplus to policyholders of more than \$3 million. The acquisition of Marquette Casualty and Pan American Surety will provide multiple line facilities in addition to normal lines and special lines such as surplus line bonds, mobile homes, bail bonds, and trucks, buses and taxis. Premiums of the group exceed \$7 million.

The two companies will give the group additional regional office facilities. Agency Corp. of America writes only long haul truck, bus and taxi risks. It will expand its engineering and claim facilities at the home offices of Marquette Casualty and Pan American Surety. Offices are already maintained at Cleveland, Indianapolis, Los Angeles, Chicago, Cincinnati, San Francisco, Detroit, Grand Rapids, Lansing, and Newark.

Publish 3 New Safety Manuals

Assn. of Casualty & Surety Companies has published three new pocket-size safety manuals—"Your Guide to Safety as a Bakery Employee," "Your Guide to Safety as a Garment Worker," and "Your Guide to the Safe Use of Passenger Cars for Business." Issuance of these booklets brings the total number of association safety manuals to 58. Each deals with a specific job operation or hazard, delineates their inherent dangers and concisely presents safe practices and methods for avoiding or lessening the hazards. The booklets are available through member companies of the association and their agents.

Jack C. Carson has been appointed resident adjuster at Montrose, Colo., for General Adjustment Bureau to succeed F. A. Thompson, who is transferring to Grand Junction. The new address of the Montrose office is 701 South Fifth street.

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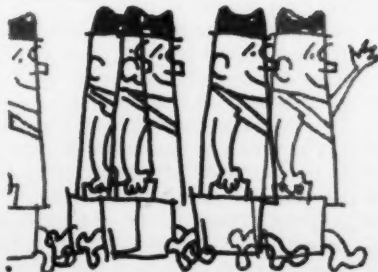
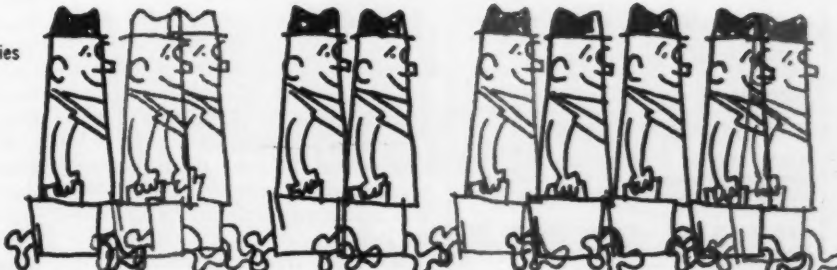
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EDITORIAL COMMENT

The Responsibilities Of Management: I

(Based on a talk before joint meet-
ing in New Orleans of Conference of
Mutual Casualty Companies, Federa-
tion of Mutual Fire Insurance Compa-
nies, and City Fire Conference of
National Assn. of Mutual Insurance
Companies.)

The three matters I should like
briefly to discuss—only a few of those
which are concerning management to-
day—are multiple line underwriting,
mergers and manpower.

These are miserable times in the
business. In the first six months of this
year, of those companies that wrote
\$1 million or more in premiums, 70%
showed an underwriting loss and 68%
lost surplus. Of the non-stock compa-
nies, only 25% had an underwriting
loss, which is real testimony to their
underwriting—but 73% of them lost
surplus, which means they paid their
competitive fee in the way of divi-
dends. All this on top of a mediocre
1955 and a poor 1956. As a conse-
quence, more companies now appear
to be in a relatively worse shape than
ever before in the history of the busi-
ness, and the prospects for the rest of
the year are not rosy.

The full effects of the 1955-1957
cycle are not apt to be felt until 1958
because even companies in bad shape
can make several maneuvers and call
on resources to put off the evil day.
So, more companies are likely to pass
out of the picture in 1958 than in 1957.

At this time, about the only distinc-
tion one company has over another is
that it can point to another company
that is doing worse.

Almost anyone can tell you what is
the matter—inflation, broadening of
coverage and the lowering of under-
writing standards under the hammer
of competition, consistently declining
rates in fire, the inability of rates in
automobile casualty to keep up with
jet propelled costs in that field, a fire
rating system designed for times when
the economic tides moved more delib-
erately than they have since 1940, and
underinsurance, a real blot on the es-
cutcheon of the business.

The current situation has put multi-
ple line underwriting into new per-
spective. It has brought to the insur-
ance business the idea of merger as at
least one course alternative to rein-
surance and disappearance. And it has
emphasized the need of management
to raise the standards of manpower,
and manpower performance, all along
the line.

Hindsight gives everyone 20-20 vi-
sion. Looking back, it is easy to see
two things about multiple line under-
writing that were not so apparent
five and 10 years ago.

One is that multiple line underwrit-
ing has been going on in this country
for a great many years. It was not
new, and those companies that had
been underwriting all lines under the
same roof already had a storehouse of
experience which was highly sugges-
tive and illuminating, particularly as
respects the difficulties involved.

The second fact is that the final

achievement of statutory permission
to write fire and casualty lines in one
insurer did not by magic enable single
insurers to become multiple line un-
derwriters. The door opened by law
simply entitled single insurers to try
their hand at a task which already
had proved itself large, complex, hard
and slow.

So many companies that have tried
multiple line have made so poor a
showing that it is unlikely the fault
lies altogether with individual insurer
management.

The experience of 1955-1957 has re-
duced the appetite for multiple line
underwriting. But the real difficulties
were there before 1955. One factor
that has multiplied the difficulties in
going multiple line has been the fail-
ure of management to recognize the
difficulties in going multiple line. In
especial, they have not allowed
enough time. Those few insurers that
were seriously apprehensive about
multiple underwriting are in the best

shape, at least psychologically, to deal
with the problem, and pursue a course
that will lead to eventual success.

The size of the task might have
been apparent to those who looked.
Even today it is quite difficult to find
a company group that, multiple line
for years, is as successful in fire as it
is in casualty, or in casualty as in fire.

Many insurers have overestimated
the leverage that being reasonably
successful in one field gives them in
another, even with a good agency
plant. Good agents already have a
good casualty connection, or two, or
three. They already have plenty of
fire capacity and skill. If they are
waiting with open arms for another
company, it is with business they
can't place elsewhere or don't want to
give to companies they like.

Producers and insured apparently
wait for the company new to a line or
new to a territory, and let out the cry,
"Let him have it." He gets it, and
sometimes it takes him years to get
rid of it.

It is now apparent that multiple
line underwriting is less a matter of
integration than of aggregation. Cer-
tainly there is no magic in it.—K.O.F.

(The second part of this editorial
will appear next week.)

Commissioner's Responsibility To Himself

The last of the primary responsibil-
ities of the insurance commissioner
mentioned by Arthur I. Vorys, insur-
ance superintendent of Ohio, in his
recent talk at New Orleans, are those
personal to himself. These responsibil-
ities he said, are probably the most
important of all.

The commissioner is responsible for
his own responsibility, he said. Some of
his decisions are lonely ones indeed. In
making them he must be certain they
are well founded, uncontaminated by
rancor or prejudice, fair and proper.

To achieve such certainty, Mr. Vorys
believes, a commissioner must labor
long and hard, must sophisticate him-
self in areas where his experience and
knowledge have not previously taken
him. He must have a real sense of
propriety and integrity. Personal favor,
fear or advantage must be driven from
his mind. He must be consistent, imagi-
native within the confines of the law,
philosophical, look forward to the
broad horizons of the future of the in-
dustry and make preparations for them.

He must be willing and able to ex-
plain his reasons for doing what he
does without feeling that he is being
imposed upon. He must be patient and
courageous. He must be humble
enough to recognize his own fallibility,
yet firm and decisive.

These are the responsibilities a com-
missioner has for his own conduct.
They demand a self-discipline not easi-
ly imposed, and difficult to sustain.
Yet they are requisites of the office.

The future of the insurance industry
is in the hands of today's generation,
he said. If the industry accepts its
responsibilities, if the commissioners
accept their responsibilities to their
own states, to the nation and for them-
selves, the future is secure, and the
public will benefit along with the in-

dustry itself.

If the responsibilities of the present
are not shouldered either by the in-
dustry or the commissioners, he de-
clared, in this time of enormous change,
local regulation will be lost, private
insurance enterprise will wither away,
and the heritage of the past will die.
—K.O.F.

PERSONALS

Dr. Siegfried J. Nilson, vice-presi-
dent and medical director of America
Fore group, will retire at the end of
this year. He has been with the com-
panies 45 years. Joining them in 1912,
he was appointed medical director in
1918 and a vice-president of the group
in 1952. In appreciation of his long
service and contributions to the devel-
opment of medical departments in U.S.
industry, America Fore has had his
portrait painted. It will be displayed
in the home office.

L. M. Buchanan, Greenville, imme-
diate past president of North Carolina
Assn. of Mutual Insurance Agents, has
been reappointed to the insurance ad-
visory board of that state.

Bruce Hoblitzel, 70, prominent local
agent, was elected mayor of Louisville
by a sizeable majority Nov. 5.

The marriage was announced Nov. 3
of **Andrew J. Helmick** and Mrs. Rem-
bert A. Marquardt at Park Ridge, Ill.
Mr. Helmick is president of Reinsur-
ance Agency of Chicago.

Harry W. Melville, vice-president of
American group, will retire at the end
of this month. A veteran of 45 years
in the business, he joined American as

inland marine manager in 1937, was named marine secretary in 1942, and elected a vice-president in 1949. He entered insurance with North America at the home office in 1912. He was assistant manager at Chicago from 1919 to 1933, and later was appointed supervisor of offices of North America in the U.S. and Canada. Following retirement he plans to open his own agency in Madison, N.J.

R. T. Wagner, secretary of Steel of America, the insurer specializing in steel manufacturing risks, left this week for a visit to London and the Lloyds office there. He sailed on the *Queen Mary* and will return about Dec. 1 by air.

Archie M. Slawsky of Nashua, N.H., newly elected vice-president of National Assn. of Insurance Agents, will be honored by his home town insurance men, and others, at a dinner Jan. 15, at the Nashua Country Club. President Paul W. Henderson of Nashua Fire & Casualty Assn. is general chairman of the committee of New Hampshire insurance men planning the event.

Julius S. Wikler, first deputy superintendent of the New York department, failed in his bid for election to the state supreme court, losing to incumbent Justice Frank H. Coyne by a vote of 170,636 to 110,809.

DEATHS

GEORGE W. LILLY, 66, who retired last year as executive vice-president and general manager of General Adjustment Bureau, died at Lawrence hospital in Bronxville, N. Y., his home town. He had headed the organization for 25 years before his retirement. He started as an adjuster for Western Adjustment in the midwest and was at one time general adjuster of America Fore in Chicago.

JOSEPH SRHOLEZ, 46, local agent at Little Ferry, N.J., for 25 years, died there. He had served 18 years as mayor and was reelected for the 10th consecutive time a few days before his death.

JOHN P. FAUDE, 47, counsel of Aetna Casualty and Standard Fire, died at Hartford hospital. He joined the legal department of the group in 1934 and in 1942 was named assistant counsel of Aetna Casualty. He became associate counsel in 1950 and counsel

in 1956. He had served on various committees of Assn. of Casualty & Surety Companies, National Bureau of Casualty Underwriters, National Automobile Underwriters Assn., National Council on Compensation Insurance, Nuclear Energy Liability Insurance Assn., National Committee on Uniform Highway Laws, and several state workmen's compensation rating bureaus. He was a member of the executive committee and chairman of the financial responsibility laws committee of International Assn. of Insurance Counsel.

AMBROSE M. STEINWARD, president of Lynn Mutual Fire, and an agent since 1913, died at his home in Colby, Wis., of a heart ailment.

R. S. CRAFT, 72, retired president of Craft agency of Jackson, Mich., and for many years prominent in local insurance circles, died. Mr. Craft in early life was associated with local newspapers in the circulation department, later going with Schofield & Green agency; still later with W. R. Reynolds & Co., and, since 1925, was proprietor of his own agency until his retirement early this year.

EDGAR B. HAWES Sr., 73, Louisville fire and casualty insurance agent, died at his home of a heart condition from which he had suffered for a year or two. Mr. Hawes succeeded his late uncle, R. L. Hawes, with whom he was connected for years, in the Robert L. Hawes agency in Louisville.

CHARLES D. HODGES Jr., 48, broker with F. B. Hall & Co., New York, died in Rockville Centre, N. Y., after a brief illness.

JOHN J. FENERTY Sr., 64, in charge of the fire underwriting department of Kemper group at the New Orleans office, and associated with the business since 1910, died there.

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| American Surety | 13½ | 14½ |
| Boston | 26 | 27 |
| Camden Fire | 26 | 27 |
| Continental Casualty | 63 | 64½ |
| Crum & Forster com. | 40 | 44 |
| Federal | 29¼ | 30¼ |
| Fire Association | 32 | 33½ |
| Fireman's Fund | 41½ | 42½ |
| Firemen's (N.J.) | 31¼ | 32¼ |
| General Reinsurance | 39 | 40½ |
| Glens Falls | 24½ | 25½ |
| Globe & Republic | 15 | 16 |
| Great American Fire | 27 | 28 |
| Hartford Fire | 119 | 122 |
| Hanover Fire | 28½ | 29½ |
| Home (N.Y.) | 30¾ | 31¾ |
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| Mass. Bonding | 26¼ | 27¼ |
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| National Union | 28¼ | 29¼ |
| New Amsterdam Cas. | 39 | 40 |
| New Hampshire | 32½ | 34 |
| North River | 27¼ | 28¼ |
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| Phoenix Conn. | 53 | 54 |
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| St. Paul F.&M. | 40½ | 41½ |
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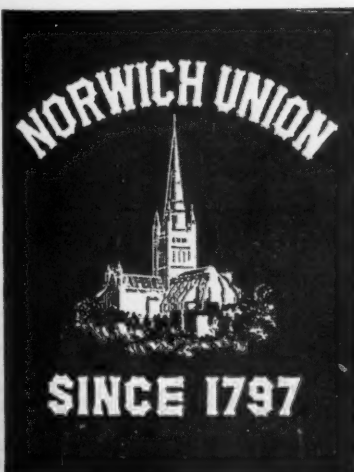
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Mortgagee Gets Mortgagor's Insurance

Where the mortgagor is obliged by contract of sale to keep the property insured for the benefit of the mortgagee and fails to do so, the mortgagee has the right to enforce an equitable lien upon the insurance carried by the mortgagor.

This was the ruling of Montana supreme court in *American Equitable and others vs Newman*, 9 CCH (Fire & Casualty) 307.

The mortgagee in this case believed

his interest was jeopardized by the mortgagor's failure to pay insurance premiums and bought insurance to protect his interest. The mortgagee's insurer, Fidelity-Phenix, succeeded to the mortgagee's rights to the mortgagor's insurance.

The Van Houtens sold the Eureka hotel to Albert Newman in 1949. The hotel was destroyed by fire in 1950. At that time Newman owed the Van Houtens \$11,500 principal and \$318 in-

terest. The contract of sale specified that Newman would keep the property insured with the loss payable to the parties according to their interest at the time of loss.

Newman's insurers, American Equitable, Westchester Fire, Standard Fire of Hartford and Planet, paid the loss amount agreed upon, \$22,500, into court.

Fidelity-Phenix in 1950 had insured the hotel property for \$8,000 and the contents for \$4,000 for the Van Houtens, and, after the loss, paid them

\$12,000. The Van Houtens assigned their rights to Fidelity-Phenix.

The question involved in the case was whether Fidelity-Phenix might share in the \$22,500 deposited in court by the Newman insurers. The court ruled that it had that right.

Fidelity-Phenix contended that it had the right by subrogation, and it also alleged that Newman failed to buy insurance for the interest of the Van Houtens, though he did purchase policies to cover his own interest in the property. Under such circumstances, Fidelity-Phenix argued, equity would impress a lien upon the proceeds of the Newman insurance for Fidelity-Phenix as successor to the rights of the Van Houtens.

In ruling for Fidelity-Phenix, the court said that "in the view that we take of the case it is of no consequence whether the contract of sale clauses were attached to the (Newman) policies or not." Further, the court ruled, if the buyer obliged by contract to keep the property insured for the benefit of the seller neglects to do so, then the courts will enforce an equitable lien upon any insurance carried by the buyer to protect the seller or his assignee.

Answering an argument by counsel for Newman, the supreme court also commented that this overlooks the fact that the equitable lien theory is part and parcel of the doctrine of subrogation. The doctrine of subrogation is the substitution of one person in place of another.

Newman's counsel also contended that since the Van Houtens recovered their entire claim from Fidelity-Phenix, they had nothing left to assign, but the court brushed aside this argument. The judgment reversed a lower court decision.

Wiggenhorn, Hutton, Schiltz & Sheehy of Billings appeared for Fidelity-Phenix; and Kelly & Battin of Billings and J. H. McAlear of Red Lodge for Newman.

Idaho Surplus Line Assn. To Open Stamping Office

Idaho Surplus Line Assn., recently formed by Idaho Assn. of Insurance Agents, will open a stamping office in Boise Jan. 1, probably under the direction of Herbert H. Eberle, secretary of the agents association. Jess W. Swan, Boise, has been elected chairman of the new association and James W. Perry, also of Boise, has been named secretary-treasurer.

Formed at the suggestion of Commissioner O'Connell, the operation will be modeled after similar organizations in other states. Mr. Eberle will examine surplus line submissions, collect all taxes and stamping fees and supervise the stamping office, which will be responsible to the insurance department for remittance of the state premium tax. In the past, the tax has been paid annually by each surplus line broker.

Mr. O'Connell said that the new association has the support of Mendes & Mount, U.S. attorneys for London Lloyds, who have indicated that Lloyds will support the group and require clearance of all Idaho risks through the stamping office.

Lawyers Hear Insurance Speakers

Warren W. Johnson, H. J. Badenhop and Carl B. Drake Jr., all of St. Paul F&M, participated in a panel discussion of insurance coverage of business and professional clients at the annual meeting of Minnesota State Bar Assn. at Minneapolis, Nov. 1. Robert W. Anderson, Northwestern National Life, took part in a discussion of problems of financing small businesses.

Let us be Thankful

We in America today are truly thankful that ours is a land of plenty! As we once more celebrate a national holiday in the traditional manner, we become increasingly conscious of privileges that have come to mean "The American Way of Life." ¶ The course of events in other nations has stirred us into realization of responsibilities as well as privileges! Each of us has a job to do in maintaining our advantages, and each of us must pay for them in honest toil of mind and body. ¶ Insurance agents have been quick to contribute their efforts by advocating adequate protection for American homes and industries. Their job of safeguarding the country against unforeseen catastrophes is closely woven into the fabric of national security. ¶ Crum & Forster companies are offering agents every possible cooperation in this enormous task!



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Fire, Explosion Dangers Rise With Chemical, Nuclear, Electronic Developments

Fire prevention and protection services are being challenged by the latest chemical, nuclear and electronic developments involving numerous hazardous operations, and by the movement of industry to rural areas where adequate fire protection often is lacking, Mathew M. Braidech, research director of National Board, told a Florida state-wide fire prevention conference at Daytona Beach.

Developments presenting new fire and explosion problems, he said, include vigorously reactive organic peroxides employed in the booming plastics industry; growing uses of explosives for shaping and forming in metal fabrication; and growing use of pyrophoric or "self-igniting" combustible metals, such as titanium, zirconium, thorium, and uranium (brought about by the nuclear power program). Also, the handling and storage of liquid oxygen and hydrogen at ultra-low temperatures, the new high-energy chemical fuels employed in the rocket and missiles program, and the expanded use of radioactive materials.

Some of these developments, he commented, will bring about increased handling of combustible and dangerous scrap and waste by-products that will require special disposal procedures. A stepped-up program of fire prevention activities and emergency planning will provide the answer to safeguarding these important developments. Fire and explosion research is significantly on the increase, with some 75 laboratories employing nearly 1,800 engineers, chemists, and physicists, devoting concentrated attention to the many new problems brought about by the technological advances.

Municipal fire departments are expected to contribute their skills and improve their fire control and extinguishing methods that may be required to meet special situations. Fire departments in major industrial and commercial centers should be equipped with suitable laboratory facilities of their own correctly to assess the dangers of fires and explosions of new materials and operations, he said.

Accounting Firm Sued For Nearly \$1 Million

A leading Memphis, Tenn., department store has filed suit in Philadelphia against a national accounting firm for almost \$1 million. The suit in United States district court asked specifically for \$949,000 damages. It was filed by Abraham L. Freedman for City Stores, and B. Lowenstein & Bros., a subsidiary of City Stores in Memphis.

The suit against Ernst & Ernst accused it of being "negligent and careless" in failing to "uncover and report shortages and differences and improper concealment which resulted in losses exceeding \$900,000."

That a shortage existed had been known since May of this year. Not until the suit was filed was the amount reported to be this large. Officials of the store had refused to discuss the case.

This is reported to be one of the largest, if not the largest, amounts ever sought in a suit involving the liability of an accounting firm.

P. J. Kranz Agency Honored

Reliable of Dayton last week honored the P. J. Kranz agency of Toledo for 65 years of representation. A marble plaque was presented to the present members of the agency at a dinner.

The Kranz agency was founded by Peter J. Kranz in 1892. He died in 1943, but four of his sons are carrying on the business and three of his grandsons are active in the agency.

HOW RISING COSTS CAN RAISE YOUR INCOME

The price tag on fires has gone up—and up. Everything the flames destroy—an easy chair, a kitchen, an entire house or factory—now costs much more than only a few years ago.

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ACCIDENT & SICKNESS

Cite Improvements In Relations With Medical Service Organizations

Insurance executives cited the progress being made in strengthening and broadening relations with the providers of medical services at the annual fall meeting of Health Insurance Council at New York.

In his welcoming address, Howard A. Moreen, vice-president of Aetna Life and chairman of the council, lauded the wide range of activities being undertaken on behalf of insurance companies by the council's standing committees. The growing record of achievement of these committees augurs well for a climate of good will at every level between doctor-hospital-insurance groups, he said.

E. J. Faulkner, president of Woodmen Accident & Life and chairman of the medical relations committee, described an expanding program of personal contact at the community level designed to foster grass roots liaison with people in the health care field. Noting that good relations exist between medical and hospital association leaders and insurance company executives, he called for implementing this spirit of cooperation at the grass roots level.

The need for exchange of information and ideas was reaffirmed by Arthur M. Browning, vice-president of New York Life, in his report as chairman of the hospital relations committee. He said mutual exploration by hospital administrators and insurance representatives of problems involving benefit patterns, hospital care costs, admission plans and other vital concerns will form a desirable basis for achieving their solution.

The development of a symbol to facilitate doctor-hospital identification of council's simplified health insurance claim forms was described by Howard LeClair, vice-president of Mutual Benefit H. & A. and chairman of the uniform forms committee. He said companies are being asked to imprint the symbol on standardized attending physician's statements and uniform hospital insurance forms as soon as practical.

Declaring that every effort was being made to encourage the participation in the uniform forms program by all companies writing A&S, Mr. LeClair underscored the need for reducing paperwork through simplification of claim forms in order to eliminate a major source of irritation to the health care field.

Steven D. Williams, 2nd vice-president of Connecticut General and chairman of the technical advisory committee, reported that the council is studying several technical aspects of health insurance including the problem of over-insurance, state surgical plans and the quantity and cost of medical services.

Plan Second Nationwide Health Study Next Year

Health Information Foundation and the national opinion research center of the University of Chicago will conduct a nationwide survey of medical costs and voluntary health insurance coverage next year. It will be a re-survey of the 1953 study made by the two organizations.

The 1958 study is expected to pro-

vide comparisons with the 1953 data on medical expenditures, use of medical services and patterns of health insurance coverage. It will collect a larger amount of information on individuals not presently covered by A&S and on families with high costs. Next year's study is expected to show the improvement and increase in health insurance coverages in the country.

Ind. Blue Cross Drops Exemption Stand, To Pay State Gross Income Tax

Indiana Blue Cross and Blue Shield, which have contended since formation that they are exempt from the state's gross income tax, have agreed to pay the tax in the future and retroactively for the past five years.

Rep. Downey of Indianapolis reported this information to the joint legislative committee investigating hospitalization insurance in its meeting with the industry advisory committee. The state's attorney general had earlier ruled Blue Cross-Blue Shield, organized in Indiana as domestic mutual insurance companies under the same law as all other such companies, are subject to the tax.

Rep. Downey told the committees that the decision to hold the companies liable retroactively for only five years is based on two considerations: The extreme hardship in the financial load of paying off some 17 years of back taxes; and that the organizations had evidence that state officials of administrations prior to that of the former Gov. Craig had assured them informally they are not subject to the tax.

The failure of Blue Cross-Blue Shield to pay the tax has long been subject of complaint from agents of competing companies and even from company officials, and has been publicized in the papers, especially at the time of announcement of a profit of some \$3,400,000 reported on Blue Cross-Blue Shield annual statements during a recent year.

Indiana is the only state in which Blue Cross and Blue Shield are organized under the regular insurance code and not by special act of the legislature or under special provisions.

Public Abuses A&S Cover, Halverson, Liggett Charge

Public abuse of health insurance is responsible for the constantly increasing cost of the coverage, said A. B. Halverson, Occidental Life of California, and Darwin S. Liggett, Pacific Mutual Life, speaking before the annual convention of California Society of Internal Medicine at Los Angeles last week.

Private hospitals contribute to this abuse, Mr. Halverson declared, since they charge more for services than do non-profit institutions. He estimated that of the 135 hospitals in the Los Angeles area, 70 are privately owned and that it is not uncommon for these to earn 20 to 30% annually on their investments. Non-profit institutions, on the other hand, are limited to a 5 to 8% return.

Mr. Liggett laid the rise in cost of A&S to diagnostic practices, in many cases. Patients, he said, urge their doctors to have them sent to a hospital for whatever tests are necessary because they know that their A&S insurance will pay that cost. Both men

agreed that a public education program is called for and that establishment of a realistic physician's fee schedule would help in determining equitable premium costs.

Cal. A&S Managers Elect Wood President

California Assn. of A&H Managers Clubs at its annual convention elected Lloyd F. Wood, Hartford Fire, president; Robert E. Little, Massachusetts Protective, vice-president, and William C. Millar Jr., Massachusetts Bonding, secretary-treasurer.

New Starter In A&S Field

Farmers Mutual Automobile of Madison has entered the A&S business, writing income indemnity and hospitalization coverages. This is the first new major line the company has taken on since it started writing dwelling fire business in 1950. Farmers Mutual Auto is licensed in Illinois, Indiana, Iowa, Kansas, Minnesota, Missouri, Nebraska, North and South Dakota and Wisconsin.

Fund Adds A&S Unit At S. F.

A disability department has been set up in the San Francisco branch office of Fireman's Fund with John W. Benson as superintendent. He joined the Fund at San Francisco in 1954 as special agent for the disability line after nine years in the business with a general agency at Baltimore and with another company.

FIELD

Central Mutual Makes Four Field Appointments

Central Mutual has made field appointments in Alabama, Montana, Michigan, and Georgia.

Marvin E. Harris has been appointed special agent in Alabama with headquarters in Montgomery. Walter Giseburt, who has been an underwriter at San Francisco, has been appointed special agent in Montana, and the state has been made a separate territory. Cletis E. Myster has been named special agent in eastern Michigan, and Curtis A. Holland Jr. has been appointed special agent for southern Georgia with headquarters at Atlanta.

Open New Pa. Office Of Boston; Firth Appointed

Boston has opened a service office in York, Pa., and appointed Richard Firth special agent there. He has previously been in agency work.

The new office will be under the jurisdiction of the Philadelphia regional office. Previous service facilities at Harrisburg have been transferred to York.

Merchants Fire Appoints W. P. Keating In Michigan

Merchants Fire has appointed Walter P. Keating to supervise the fire and casualty operations in Michigan, with headquarters at Royal Oak. For the past five years he has been Michigan state agent of Royal-Globe, with which he entered the business in 1946.

Wis. Field Men Told Of Electric, Plastic Hazards

Wisconsin Fire Underwriters Assn. at the October meeting in Milwaukee, heard C. E. Schaetzle, Western Ad-

justment, discuss and demonstrate electrical hazards, and saw Norman W. Davis Jr., Underwriters Laboratories, present a demonstration of "Pretty Plastics—Ugly Fires."

At the business meeting, Lawrence E. Knauber, American, past president, was given a camera in appreciation of his efforts during the past year. The association also discussed and gave tentative approval of a plan to change the group's name to "Wisconsin Capital Stock Insurance Assn."

Saginaw Valley Puddle Is Set Up In Michigan

Michigan pond of Blue Goose at a meeting in Saginaw last week formed Saginaw Valley Puddle and Raymond L. Jennings, Fennell & Fennell, Flint, was elected big toad. Other officers elected are: Glenn Cairns, Underwriters Adjusting, pollywog; Carl J. Gard, Fireman's Fund, croaker, and Richard R. Hughes, Underwriters Adjusting, bouncer.

Open Milwaukee Office Of Indemnity Of N. A.

Indemnity of North America has opened a field office in Milwaukee. Frank C. Oser is in charge of the new facility which is under the supervision of the Chicago service office.

The new Milwaukee office will handle casualty and bond business only and is in addition to the Wisconsin Service office of North America and Philadelphia F&M. in Oconomowoc, Wis.

Ohio Field Men To See St. Lawrence Seaway Film

Ohio Fire Underwriters Assn. at its Nov. 19 meeting will see a film, "The Eighth Sea," describing progress of the St. Lawrence Seaway project and its potentials in relation to Ohio industry.

General Accident Names Talmadge Special At L. A.

James T. Talmadge has been appointed special agent for eastern Los Angeles county, a portion of Orange county, and the San Bernardino Riverside district for General Accident group. He was formerly with Security group.

Peace Garden Pond Of Blue Goose Initiates 8

Peace Garden pond of Blue Goose initiated eight goslings at its annual fall meeting in Bismarck, N.D., Oct. 24.

Nordhausen Named On Coast By North British

North British group has appointed R. E. Nordhausen special agent in southern California and Nevada. He will make his headquarters in Los Angeles with State Agent D. J. Church.

Pittsburgh Pond Opens Season With Golf Outing

Steel City (Pittsburgh) pond of Blue Goose included in its first fall meeting an afternoon of golf and a dinner at Alcoma country club. Along with discussing means of handling charitable endeavors, the pond heard reports of the entertainment committee which presented a full program for the coming year.

Boston Names Cady Special

Boston group has named James W. Cady a special agent in Tennessee. He will work under the supervision of Joseph R. Wood, regional manager at Atlanta.

Air Underwriters Consider High Losses

By L. TYTENS

An eye witness at the aviation underwriters' congress at Amsterdam explains that focus was on unsound competition rather than on items on the agenda. This arises out of the fact that reduced quotations are freely given, even when there are no earthly chances to secure the business, except when new rates are at a level that the holding underwriters elect to let it go to those who wish to be out of pocket. Thus many underwriters have results that are in the red.

We find here a situation comparable to that which exists in hull marine business. A gentlemen's agreement may have been reached to curtail such unsound competition and, even if that were not so, it may be expected that it will be brought about by the putting in commission of the superjet airliners.

The enormous values involved, considering not only the value of the craft but in addition the liability and personal accident insurance committed, will be of such magnitude that many underwriters will have to reduce their commitments on fleets embodying those planes, not overlooking that those who have been indulging in unrestricted competition may have quit meanwhile.

The values of those new planes may, in case of total loss, produce over-all adverse results in the aviation insurance business. In the initial and experimental stages, with enhanced risk of overcrowding at airfields and on air routes, the business may well be confronted with several important losses in succession.

The aviation business would have an over-all world-wide chance of better balanced results if, following in the footsteps of marine underwriters,

they chose to restrict their operations in the same way, leaving it to the experience of liability and personal accident underwriters to offer the other guarantees within the limits of their business.

This deviation would, however, involve reinsurance principles, and should be considered from other angles.

Buyers Attend WC Rates Hearing Of Texas Board

Members of Houston, Dallas and Fort Worth chapters of Insurance Buyers Assn. attended the hearing on workmen's compensation rates of the Texas insurance board at Austin. The following comments and observations were made by William D. Suhr, Bank of the Southwest, secretary of the Houston association.

Arguments for a reduction in rates were presented by William Gray, attorney for Texas Manufacturers Assn., and William Shelton, attorney for Assn. of Drilling Contractors. The afternoon session was dominated by representatives of Texas Employers who submitted a detailed study showing that insurance company's expenses increase in direct proportion to the increase in premium volume. In response to requests by Texas Employers, Texas Manufacturers Assn., and National Council of Compensation Insurance, Chairman Jackson permitted them a week to file answering briefs with the commission.

Mr. Suhr opined that the hearing would result in either a savings of millions of premium dollars for the buyers' companies, or at least "the opportunity of knowing our premium dollars are being necessarily and wisely spent."

Name 12 In N.J. Union Welfare Fund Fee Case

Essex county, N. J., grand jury has indicted William H. Croland, former vice-president of C. J. Simons & Co., Newark agency, on a charge of mishandling group policies issued through his agency to 17 labor unions. The indictments named 11 others as recipients of alleged illegal payments from Mr. Croland.

Prosecutor Webb of Essex county said the defendants were charged with mishandling \$95,289 in union welfare funds ostensibly used to pay commissions and administrative fees. The Simons company acted as agent of Continental Casualty in issuing the policies.

Among the other defendants are Roy Graver and Samuel Chalet, Jersey City brokers, and Henry Borken of Westbury, N. Y., a broker. Several union officials, some of them welfare fund trustees, also were named.

Blakeslee, Chief Texas Fire Rate Checker, Retires

J. W. Blakeslee, 70, chief rate checker in the fire insurance division of the Texas department, has retired after 37 years in the department. He had experience with road rating crews, later was assigned to a territorial rating desk, and subsequently was appointed chief rate checker.

OK \$100,000 Hike In Capital Of Pan American

Texas Board of Insurance has approved an increase in capital from \$600,000 to \$700,000 of Pan American of Houston. The increase has been completed by sale of preferred stock to present stockholders.

Dayton Agents Honor Rookie Police, Firemen

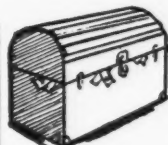
The eighth annual dinner honoring 50 police and fire department trainees of Dayton, O., has been sponsored by Dayton Fire & Casualty Underwriters Assn.

The top trainee in both the police and fire classes received a \$100 savings bond, the second trainee, a \$50 bond and the third, a \$25 bond. Among the 150 people who attended was Theodore M. Gray Sr., secretary of

Ohio Assn. of Insurance Agents.

Chairman of the event was Earl Coler, local agent of Dayton, who originated the dinner in 1951 and who sponsored it for the first two years. Mr. Coler originally set up the dinner to honor rookie policemen because he believed someone outside of politics should encourage young men to become policemen.

Hartford Steam Boiler now occupies remodeled and enlarged quarters at 916 Gas & Electric building, Denver.



A TRUNKFUL OF HARD CASH...

On May 3, 1901, flames destroyed the heart of Jacksonville's residential section. Losses were totalled at twelve million dollars, a staggering amount as computed in the values of that day. Local residents had hardly recovered from the shock, however, when a company adjustor arrived in Florida with a steamer trunk crammed full with currency.

During the period its claims were being paid in Jacksonville, the Phoenix of London Group announced that the \$100,000,000 mark had been reached in losses paid since its founding.



Today a modern Jacksonville attracts visitors from all corners of the nation. The Phoenix of London Group, for its part, continues the tradition of full payment of losses—a tradition seven quarter-centuries in the making.

175th Anniversary Year 1782 - 1957

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London Names Coyne, Heck And Schoeck To Manager Posts

London group has appointed John F. Coyne manager and Walter E. Heck casualty underwriting manager of the New York metropolitan department; and Robert J. Schoeck casualty underwriting manager of the eastern region.

Mr. Coyne entered insurance with National Fire in 1939, and has been

with that company at Newark, Boston, Albany and New York. With Mr. Schoeck, he has just joined London group. Mr. Schoeck entered the business with Royal-Globe in 1935. He later joined Sun Indemnity as supervisor of the workmen's compensation and liability department. He also has traveled Long Island as a special agent.

Mr. Heck joined London group earlier this year, following six years with Massachusetts Bonding as an auto and compensation underwriter.

Insurance Federation Names Avery Chairman, Douglass President

NEW YORK—Insurance Federation of New York, at its annual meeting in the Waldorf-Astoria hotel here, elected George F. Avery, vice-president of U.S.F.&G., chairman; Robert B. Douglass, Potsdam, president and a director, and Albert E. Mezey, New York, vice-president. Mr. Avery, Robert E. Curry, New York; Victor T. Ehre, president

of Buffalo, and immediate past president of the federation; John Langhorne, New York; Theodore R. Tuke, Rochester; John C. Walsh Jr., Buffalo, and John C. Weghorn, New York, were named to the executive committee.

Elected directors along with Mr. Douglass were Stephen H. Gow, Buffalo; Mr. Langhorne, Harry K. Lown, Batavia, and Edmund T. Sinnott, New York.

Following a reception for special guests, officers and directors, the federation entertained more than 1,500 members at the annual luncheon. Arch N. Booth of Washington, D. C., executive vice-president of the U. S. Chamber of Commerce, was principal speaker. He was introduced by Mortimer E. Sprague, vice-president of Home. Mr. Ehre and Mr. Weghorn, immediate past chairman of the executive committee, also spoke.

Mr. Booth spoke on the future for business in general in the U. S. The year 1958 will be a time of continuing business readjustment with no widespread slump in sight, he said, emphasizing that there will be fog, but not storm in business. "No dizzy high peaks and no terrifically low valleys," he said. Looking ahead to 1962, he forecast the "greatest business boom in history," which will come as a result of the maturing of that segment of the nation's population born during World War II and soon after, which will be setting up households and adding to the growing population. He stipulated, however, that the boom would hinge on the national business climate to be determined by the decisions of Congress and the administration, and singled out government competition with private business—a subject being keenly eyed by insurance people—as one of the issues of major importance to be considered at the next session of Congress. The private business system today is under attack, he said, by those who believe the economy cannot function without governmental direction, aid or support.

American Group Names Three To Home Office

American group has advanced Edward C. McCrea, Eugene Meentemeyer and Wilbur A. Lochmann to assistant superintendents of the head office planning and methods division.

Mr. McCrea has been office manager at Philadelphia and will be succeeded there by Alfred L. MacLennan. Mr. McCrea entered insurance with North America in 1938. He joined American Auto at Philadelphia in 1946 and was promoted to office manager. Mr. MacLennan has been with American at Philadelphia in various posts since 1932. He was previously an A&S superintendent of Phoenix Indemnity and an underwriter of U. S. Casualty.

Mr. Meentemeyer went to American Auto at St. Louis in 1951, and was named a supervisor of the planning and methods division last year. Mr. Lochmann joined American Auto in 1945.

Insurance Federation Of Minnesota To Hear Dell

Chief Justice Dell of Minnesota supreme court will discuss insurance settlements and verdicts at the annual meeting of Insurance Federation of Minnesota at St. Paul Nov. 18.

General Adjustment Bureau has set up a permanent office at The Dalles, Ore., in the U. S. National Bank building with Vernon L. Peters in charge as resident adjuster. He has been with GAB at Boise, Ida., and has been in insurance adjusting for 10 years.

Continental's Substandard Accident and Health and Hospitalization Division has accepted more than 97% of applicants. This record is important to you. Applicants in the Substandard Division all have physical impairments or medical histories which would normally prevent their obtaining accident and health and hospitalization insurance.

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Auto 'Borrowed' Without Permission Held Not Covered As Substitute

The appellate division of the New York supreme court turned down, in a divided opinion, an interesting attempt of an insured to get coverage under the temporary substitute automobile feature of the automobile liability policy, in *Davidson vs Fireman's Fund Indemnity*, 12 CCH (Auto 2nd) 71.

The son of the named insured was driving the insured automobile with his father's permission. Because of a heavy rain, the father's automobile broke down and the son, without permission of anyone, "borrowed" the automobile of a friend who had left the ignition key in the car. He was involved in an accident and this suit ensued.

There was no drive other car insurance available to the son and the majority opinion held that the substitute automobile coverage did not apply, because neither the named insured (father of the driver) nor the owner of the automobile had any knowledge of what was going on and had not consented to it. Judge Hallinan dissented on the ground that the policy did not specifically require permission of anyone for use of a substitute automobile and hence that the ambiguity should be decided in favor of the insured.

Under the family automobile policy, there probably would have been coverage in this case, since relatives living with the named insured get drive other cars coverage under this contract. The drive other cars feature does not require that the automobile be driven with permission of the owner or of anyone else. This case rose under the old basic automobile liability policy, which provides limited drive other car coverage for the named insured and his spouse, but does not extend this to other members of the family, except by endorsement and for an additional premium.

Grosser Joins Seaboard Surety As Underwriter

Frank T. Grosser, formerly with Continental Casualty, has joined Seaboard Surety at the head office in an underwriting capacity. Mr. Grosser entered the surety business in 1930 when he became affiliated with American Surety. He later joined Massachusetts Bonding in the home office prior to going with Continental Casualty in New York.

Tax Position Of Mutuals

In a recent issue, the remarks of John D. Woolledge, investment vice-president of State Farm Mutual, at the convention of National Assn. of Independent Insurers, on the tax position of fire and casualty mutual insurers, was misstated. The story stated that mutuals have to maintain a very nice balance between tax exemption and corporate bonds because their federal tax is based on investment earnings or underwriting profits, whichever is larger.

Actually, mutual companies (except some small exempted companies, which write less than 3% of total mutual premiums) pay an income tax of 1% of gross income from premiums and investments, or 52% of their net investment income, whichever is greater. Thus the mutuals pay a tax whether their operations are profitable or not.

Truman To Retire From GAB

J. R. Truman, general adjuster at Phoenix for General Adjustment Bureau, will retire Jan. 1. He has been with GAB since 1926, serving as senior adjuster, branch manager and general adjuster.

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This is a broad inclusive policy which consolidates in one package, protection for Cameras, Fine Arts objects, Furs, Jewelry, Musical Instruments, Personal Effects, Silverware, Stamp and Coin Collections, Outboard Motor Boats, and Physician's and Surgeon's Instruments. In addition it protects Household Furnishings. It insures the property world-wide against "All Risks" of loss or damage with certain specified limitations.

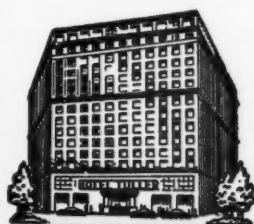
Property of all members of the insured's household is protected. The cost is reasonable for the wide scope of protection provided.

This policy provides the simplest means of protecting practically all valued possessions in a single contract with one total premium and one expiration date. Banishes every worry about the full use and enjoyment of the insured articles at home, en route and abroad.

Commercial Union-Ocean Group package policies are efficient and economical. They fully meet today's desires of the insuring public for convenient consolidated insurance for related perils or classes of property. Sell modern with modern policies.



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... featuring convenience, comfort, quality! A cosmopolitan atmosphere in home-like setting. In the center of all downtown activities. Newly decorated. Ultra modern, comfortable guest rooms... excellent food at moderate prices in our modern coffee shop and cafeteria.

Radio and Television in room.
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800 ROOMS \$4.00
WITH BATH from
GARAGE and PARKING LOT
FAMILY RATES
No Charge for Children
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FACING GRAND CIRCUS PARK

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NORTH AMERICA LEADS IN RE-INSURANCE!

A stable market for re-insurance.

INSURANCE BY NORTH AMERICA

Philadelphia



Five-Day N. A. Drive Nets \$1 Million In Homeowners Premiums

North America homeowners and tenants premiums hit \$1 million during the week of Oct. 28-Nov. 1, as a result of a five-day promotion campaign in which 23,000 local agents representing North America participated.

One million dollars in a single week was double the average weekly receipt

of the group's homeowners premiums in 1956.

To celebrate the occasion, North America borrowed \$1 million in currency from the Philadelphia National Bank and displayed it at the home office to dramatize the results of the campaign.

Declare Quarterly Cash Dividend

Traders & General has declared a quarterly cash dividend of 25 cents per share.

Ask Return Of 5-Year Term For Certain Risks In Washington

Snohomish County (Wash.) Assn. of Insurance Agents has adopted a resolution calling for restoration of the five year term rule but based on pro rata multiples of the new three year term discount, with respect to public properties. Washington is the only state which has discontinued use of

the five year term.

The agents say abrogation of five year term has created a condition "contrary to the benefit of the public," noting that state, county, municipal governments, and hospitals, sanatoriums, etc., and non-profit educational institutions operate on a fixed budget and presently insure for five years with one-fifth of total insurance expiring each year, and are faced with a "distinct financial burden" in changing to three year term. These risks mainly insure blanket, the agents add, subject to a high percentage average clause requirement under which values are revised annually to reflect changes in building costs and other factors.

It is the "strong belief" of the agents that the companies have a greater hedge against inflationary conditions under these circumstances than with the average risk, with considerable premiums involved, but long established procedures are upset by termination of five year term, resulting in "confusion and financial hardship" which "will give impetus to the pressure from within these classifications that they establish self-insurance funds."

The agents ask the parent Washington association to publicize the matter and request the commissioner and the rating bureau to revise the term rule to allow these special groups the use of five year term multiples.

At the same meeting, the Snohomish county agents asked the state association to file a complaint with the United Press about an item describing the recent increase in dwelling rates in which the UP noted that the increase applied to all companies except two named direct writers. The agents feel the news service should not specifically name companies in such stories.

Young Men's Board Of Trade Presents Awards

Superintendent Holz of New York reiterated that he is not regulating commissions in connection with a National Bureau of Casualty Underwriters filing for an increase in auto liability rates now before him for decision. Speaking at a luncheon in New York of Young Men's Board of Trade, he said it is not his province to say whether or not a production cost factor affecting commissions should be included in the filing.

Mr. Holz urged enactment of an unsatisfied judgment fund law in New York to plug loopholes in compulsory auto.

Mr. Holz was introduced by W. Irving Plitt, vice-president of Atlantic Mutual, chairman of the insurance section of New York Board of Trade. Mr. Plitt presented certificates of merit as 1957 insurance young men of the year to William J. Brown Jr., assistant to the production manager of American Surety; Robert L. Sanford, vice-president of the B. N. Exton & Co. brokerage firm; Justin N. Tierney, hull underwriting manager of Fireman's Fund, and David A. Webster Jr., assistant agency and brokerage manager of Aetna Casualty.

First tendered by Young Men's Board of Trade four years ago, the awards are based on three factors—business accomplishment, civic endeavors, and general character traits. Winners are determined by an appointed board of leading insurance executives.

Jaffe agency of New York has embarked on a newspaper advertising campaign aimed at boosting the stature of brokers in the eyes of the insurance buying public. The advertisements will run twice weekly.

Satisfied insureds mean new business for America Fore agents...

"The helpful and courteous attitude which the people from your office have shown to my customers when they have been in trouble has been a large contributing factor in the growth of my agency, and I do appreciate it."

W. R. WALKER, Jr., Agent
Newport News, Virginia

IF YOU BUY SHOES THAT DON'T FIT...

... you have lost only the cost of the shoes. But if you buy poorly fitted insurance you may be out thousands of dollars in case of loss.

So don't buy your insurance without the skilled advice of a local, independent insurance agent or broker. He is a man who thinks in terms of the value of your policy if you have to collect on it.

He has a professional mind about insurance. He knows property values and the sizes of judgments in today's lawsuits for damages. He knows the kinds and the amounts of insurance you should carry and can arrange for you to pay your premiums monthly, quarterly or semi-annually, if you desire.

And if you ever have a loss you may be sure that he will be on hand as a friend to give you the help you may need.



For the name of a nearby America Fore agent call Western Union by number, ask for Operator 25.



America Fore
INSURANCE GROUP

★ The Continental Insurance Company
★ Niagara Fire Insurance Company

★ Fidelity-Phoenix Fire Insurance Company
★ The Fidelity and Casualty Company of New York

★ THE SATURDAY EVENING POST

★ NATIONAL GEOGRAPHIC

★ NEWSWEEK

★ FORTUNE

★ TIME

★ LIFE

This America Fore advertisement, stressing the importance of the independent agent and broker, now appears in . . .

Announce Winners In Fire Safety Contest

Jeanne Frederick, Stockton, Ill., and Richard Parsons of Parsonsburg, Md., were named first place winners in the boy's and girl's divisions of the 1957 National Youth Farm Fire Safety contest sponsored by National Assn. of Mutual Insurance Companies. Miss Frederick and Mr. Parsons were presented first place awards, a check for \$100 and the Harry P. Cooper Sr. memorial plaque for "meritorious work in the field of farm fire safety," at the opening session of the association's annual convention in New Orleans. In addition to the plaque and cash awards the two received an all-expense paid trip to New Orleans.

Second place awards of \$50 and plaques went to Marilyn Youngman, Bethany, Mo., and Ronald Lee, Starbuck, Minn.

Judges for the contest were Maynard Coe, farm division director of National Safety Council; Leon McNair, field representative of National Committee on Boys and Girls Club Work; and Dale Auck, fire protection division director of Federation of Mutual Fire Insurance Companies.

The contest is sponsored by mutuals nationwide to help reduce the tremendous annual farm fire waste. Judging is based upon the number of fire hazards found and corrected during the inspection of farm properties.

Liberty Mutual Cooperates In Developing, Building New 'Safety First' Auto

The world's first automobile to be built with the safety of the occupants the sole design objective was introduced to the public recently in New York. Liberty Mutual of Boston and Cornell Aeronautical Laboratory designed and built the car in a joint undertaking.

Frank J. Crandell, chief engineer of Liberty Mutual, said that the new car represented the culmination of a five-year program sponsored by the company and carried out by the safety design research department of the Cornell laboratory at Buffalo under the direction of Edward R. Dye.

The program showed conclusively that most automobile accident injuries are caused when the occupants are thrown against the windshield, steering wheel, dash or other fixed objects inside the car. To eliminate or reduce the severity of such accidents, Liberty Mutual and Cornell laboratory developed the concept of "packaging" the passenger in much the same way that fragile merchandise is packed to prevent damage in shipment.

This concept has been carried out in the construction of the car by strengthening the body, designing the doors so that crash forces cannot open them, securing the passengers inside the car with seat belts or other devices, and eliminating or redesigning objects or controls such as the potentially lethal steering wheel.

In addition to safely packaging the passenger the new car provides the drivers with better visibility and more positive and simpler controls, plus a new type of ventilating system which virtually eliminates carbon monoxide fumes inside the car.

The new vehicle, built as an experiment, will be sent on tour.

\$12 Million Contract Bond In Cal.

Fidelity & Deposit is surety on a \$12,089,596 contract awarded M-K and Macco Corp., Los Angeles, by Los Angeles metropolitan water district for construction of a pipeline from Santa Ana canyon to the eastern boundary of Los Angeles county.

Minn. FR Law Is OK, Says Auto Association

Minnesota's safety responsibility law has worked well, and while it may need strengthening, it would be a mistake to junk the law now for some other plan, says an editorial in *Minnesota Motorist*, magazine of Minnesota State Automobile Assn.

Entitled "The Uninsured Driver," the editorial states that since the law was enacted, more than 90% of the motorists have protected themselves by carrying the requisite liability insurance. It also traces efforts of other states to combat the uninsured motorist problem, especially the compulsory law of Massachusetts and New Jersey's unsatisfied claim and judgment fund.

"We in no way intend to minimize the problem of the uninsured driver," the editorial continues, "but neither do we feel that the state should trade its safety responsibility act, which has worked so long and so well, for a cure-all idea that looks good on paper but falls apart when it comes to practical operation."

Indiana Offers Installment Pay Plan For Auto Minus Finance Charges

Indiana and its affiliate, Consolidated, have come out with a 40-30-30 installment plan for automobile insurance which has no finance charges. The plan calls for 40% of the premium in advance, 30% in 90 days and 30% in 180 days.

Company officials said the decision to offer a plan with no charges was influenced largely by a change in the rules covering the discounts for a second car, under which both cars must be insured under the same policy, under a proviso adopted by Hoosier-land Rating Bureau.

Welcome Indiana Agents:

This is your invitation to visit Wabash F. & C. at the 59th Annual Convention of the Indiana Association of Insurance Agents, November 17-20 in ROOM 723, CLAYPOOL HOTEL.

Our policy is that of friendly helpfulness to serve Indiana Agents and Policyholders - hope to see you at the convention.

Henry F. Schricker
President

WABASH FIRE AND CASUALTY INSURANCE COMPANY

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Gives Advice On Costs, Staff, Cover, Deductible

(CONTINUED FROM PAGE 8)

one suggests cutting salaries, he said. Mutuals never have been sufficiently generous in salaries to attract enough capable company managers. Capable, aggressive management might very well reduce the cost per policyholder by increasing the number of policyholders over which the cost is to be spread, by devoting the time and

know-how necessary to improve operating efficiency, and by aggressively promoting careful risk selection and loss prevention. Further, good management might develop sources of investment income to absorb part of operating costs. Also, mediocre employees, regardless of salary, are costly.

Also, he warned, people are more

important than the new machines. No electronic machine installation in the world can pay dividends greater than the team spirit of employees who take pride in their own contribution to their company's success.

In addition to holding down costs, most businesses can increase prices and increase sales. But with insurers, if writing desirable business produces a loss, increasing volume, which usually means accepting more unprofitable business along with the higher vol-

ume of the kind of business desired, probably will result in an even greater loss.

Many feel that five years is too long a term for a policy, he said. Too, how can companies allow automatic reinstatement after loss without an additional charge? Is there a basis for advance premium mutuals charging a separate assessment or premium based on volume? Is office cost materially greater on a \$20,000 policy than on a \$5,000 policy? Is the company's inspection and solicitation expense four times greater? Loss experience may be related but many expenses are unaffected by size.

Should a mortgagee clause be issued without a special premium charge? he asked. Is it sound to provide insurance to both insured and mortgagee at the same rate as to insured alone? The insurer provides extra services; it guarantees loss settlements under such conditions as prolonged vacancy and even arson. Insurer is not reimbursed for these additional items and does not have an agreement from mortgagee to pay the premium if insured refuses to do so. Does this mean, he asked, that an unmortgaged insured pays a higher rate than the member with a mortgage? Company stability demands sufficient income to cover any additional risks assumed, he pointed out.

He emphasized loss prevention as an underwriting adjunct, and said many companies neglect inspection work. Inspections determine and eliminate hazards, but they also help reduce underinsurance.

He urged use of standard and broader forms of policy contracts, promptness and efficiency in dealings with policyholders, and aggressive salesmanship. Why, he asked, do mutuals continue to issue policies that by wording or bylaw restrictions provide, in effect, substandard insurance?

As to promptness and efficiency, he said that as an insurance manager he has compared stock agents and mutual companies in issuance or original and renewal policies. The renewal time for mutuals has improved over the years, but many companies still are very unprompt.

He suggested that cooperative and mutual workers develop a holier-than-thou approach to their jobs. Too many apparently believe there is no place in mutual work for aggressive thinking and salesmanship.

Mutuals should be able to provide less expensive insurance, but "perhaps we have worshipped this cost factor too long. Perhaps cost alone does not sell insurance to the better risks. . . . Do you buy the cheapest automobile, the cheapest washing machine, or the cheapest TV for your home?" Mutuals should provide less expensive insurance but they should also provide better service, he declared.

Hold Seminar In Denver

Rocky Mountain chapter of CPCU will hold a seminar and luncheon at Shirley-Savoy hotel in Denver Nov. 15. Speakers will be Joseph H. Silver-smith Jr., Denver general agent, who will discuss "Commercial Property and Industrial Property Floaters—Comparisons and the Future," and William R. Kersten, who will talk on "Surplus Lines—How To Use Them."

W. H. Rodda, Transportation Insurance Rating Bureau, Chicago, will discuss "Packaging Your Future" at the luncheon. CPCU designations will also be conferred upon candidates by Donald C. Brain, W. B. Johnson & Co., Kansas City, CPCU regional director.

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Every minute of the day and night, raw materials and manufactured products are in transit. Whether on truck, train or plane, these goods should be covered by transportation insurance . . . and you're the man to sell it!

The market is as broad as business itself. Right in your own backyard you'll find manufacturers, processors, jobbers, distributors, wholesalers and retailers who are all good prospects for transportation coverage. And you can sell them with American Surety's transportation policy!

This policy avoids the red tape that usually snarls up collection of transportation losses from common carriers—gives your client the three things he wants . . . immediate payment, lower cost and more complete protection! Best of all, our transportation insurance is flexible . . . meets the wide variety of business needs. This line does not lend itself to bargain basement selling—it's right up your alley from a sales standpoint!

The many facets of transportation insurance are discussed in the current issue of *MAILROAD TO PROFITS*, which includes valuable hints on how to sell this coverage. Get your free copy now, and start making transportation insurance your ticket to more commissions.



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Peerless Building New Home Office

Construction of the new home office of Peerless in Keene, N. H., is nearing completion. Cornerstone laying ceremonies have been held, and the company expects to move into the \$1 million building in mid-December. A staff of 300 will be employed in the two-story building, which will be fully air-conditioned and will contain an employe cafeteria and lounge on the second floor.

Southern Ill. Adjusters Elect Brehm President

G. W. Brehm of Brehm & Nordstrom Adjusting Co., Marton, has been elected president of Southern Illinois Claims Adjusters' Assn. at the organization's monthly meeting at Benton country club.

Other officers elected are John Tyrell, St. Louis, vice-president; James Reed, Marion, secretary; and William J. Bramlett, Eldorado, treasurer. Dinner speaker was Gordon Franklin, Marion attorney.



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Program Ready For Casualty Actuaries

The Casualty Actuarial Society has completed the program for its annual meeting at the Sheraton hotel in Philadelphia Nov. 21-22.

The meeting will open Thursday afternoon with a panel discussion on "Recent Developments in Automobile Ratemaking" moderated by Joseph Linder, of the New York consulting actuary firm of Wolfe, Corcoran & Linder.

At the banquet, which will be preceded by a social hour, guest speaker will be Ambrose B. Kelly, general counsel of Factory Mutuals.

On Friday the business session will include the secretary's report, admission of new associates and fellows, and election.

President Norton E. Masterson of Hardware Mutuals will deliver his address. The following new papers will be presented: "Automobile Bodily Injury Liability Ratemaking on a Prospective Basis" by J. Edward Faust Jr., casualty and group actuary of Nelson & Warren, St. Louis; "Principles and Practices in Connection with Classification Rating Systems for Liability Insurance as Applied to Private Passenger Automobiles" by Joseph M. Muir, secretary, Mutual Insurance Rating Bureau; "Revision of Rates Applicable to a Class of Property Fire Insurance" by C. O. Shaver, actuary of Nationwide Mutual Fire, and "Graduation of Excess Ratio Distributions by the Method of Moments" by Lewis H. Roberts of National Bureau of Casualty Underwriters.

The new fellows to be admitted by the society are James R. Berquist of Employers Mutual Liability; Ronald L. Bornhuetter and William S. Gillam of National Bureau of Casualty Underwriters; Miles R. Drobish of California Inspection Rating Bureau; Phillip B. Kates of Southern Fire & Casualty; Stephen S. Makgill, Allen D. Pinney, and Phillip A. Williams of Travelers; Richard J. Mills of Lumbermens Mutual Casualty; Paul M. Otteson of Federated Mutual Implement & Hardware; and William J. Perkins of London Life.

The new associates to be admitted are Miss Frances E. Abel of National Bureau; Lee M. Alexander, James I. Boyle and Carl L. Wilcken of Travelers; John M. Bragg of Life of Georgia; Harry T. Byrne of Aetna Casualty; Harry M. Church of Coates, Herfurth & England, consulting actuaries, Pasadena; Martin F. Feldman of New York insurance department; David B. Houston of University of California at Los Angeles; Frederick J. Hunt Jr. of North America; Charles L. Niles Jr. of American Mutual Liability; Mr. Muir; Henry C. Schneiker of Mutual Insurance Rating Bureau; and Mr. Shaver.

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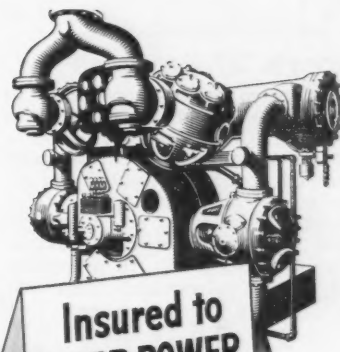
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Heavy losses in property and earning capacity may result when accidents "kill" power. These loss exposures can be minimized by boiler and machinery insurance, with thoughtful selection of coverage *Before* the policy is issued, with competent inspections *During* the policy term, and with prompt, expert assistance *After* an accident, should one occur. Through its specialized facilities, Hartford Steam Boiler offers policyholders these *extra values* BDA:

BEFORE *Extra Value* through specialized underwriting advice by the HSB Special Agent, who works with you and your agent to develop insurance tailored to your requirements.

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INDIANA MICHIGAN KANSAS OKLAHOMA COLORADO NEW MEXICO

St. Louis Board Reports '57 Progress

Membership of Insurance Board at St. Louis reached an all-time high of 1,011 in 1957, it was reported at a luncheon meeting last week. Expenses during the year have been less and income greater than estimated.

Charles Flachmann, program committee chairman, reviewed activities of the speakers bureau in presenting talks on the independent agent and

broker for stock companies at St. Louis high schools during the year. He announced that Superintendent Leggett of Missouri will install new officers of the board at the annual banquet Jan. 27.

Local support for the proposed national advertising campaign of NAIA was urged by Charles DeWitt, public relations committee chairman, who outlined the basis for contributions to the advertising fund.

N.A. Graduates 23 From Agents' School

North America has graduated 23 agents from this fall's sessions of its school for agents. Diplomas were presented at ceremonies in the home office of the group by President John A. Diemand.

Agents from 12 states and the Dominican Republic were among those completing the eight week course on the principles of fire, marine and cas-

ualty insurance offered at the school, which was founded in 1947. During the past decade more than 1,200 agents from all parts of the world have successfully completed the course.

Basic aim of the school is to offer a thorough grounding in all lines of property and casualty coverage. Emphasis is placed on teaching agent-students how to set up a program of insurance protection so that a client's assets will be fully covered. All phases of general insurance, whether or not offered by North America, are covered by the course.

John H. Smith of the William A. Smith agency of Newburgh, N. Y., was an honor graduate.

Appoint Electric Alarm Defense Advisory Group

WASHINGTON—Conferences here between the commercial central station protective signaling industry advisory committee and Department of Commerce business and defense services administration officials have resulted in the appointment of a task force from the industry to assist in determining the most critical signaling facilities relating to defense. The four-member group includes Carl G. Eicker of American District Telegraph Co. and James G. Healey of Holmes Electric Protective Co., New York; F. E. Guibert of Newark District Telegraph Co., and Sidney Stackler of Central Watch Service Co. of Chicago.

Wants Federal Driver Ed Aid

WASHINGTON—Rep. Roberts of Alabama, chairman of the House traffic safety committee, has expressed the hope that Congress will next year pass his bills to provide federal funds to help the states conduct driver education courses and to establish bureau of standards specifications on automobile safety belts shipped in interstate commerce.

Connecticut-Rhode Island Handbook is Published

A new Underwriters Handbook for the states of Connecticut and Rhode Island has just been published by the National Underwriter Company. It replaces in part, the formerly published *Standard Insurance Directory of New England*, which has been discontinued. The new Connecticut-Rhode Island Handbook is similar to the numerous state Handbooks which the National Underwriter Company has long published for many other states. It provides comprehensive and up-to-date information on all companies, all agencies with the companies they represent, brokers, field men, general agents, managers, town classification, group, boards, bureaus, and other organizations affiliated with insurance, throughout these two states.

For some years the formerly published New England directory has been so large that it was somewhat unwieldy. Consequently, in response to many requests, there will be three separate volumes published for New England in the future, each of which will be of much more convenient size. A similar new Underwriters Handbook of Massachusetts will also be ready in a few weeks, and another one which will cover Maine, New Hampshire and Vermont is scheduled for early next year.

Copies of the new Connecticut-Rhode Island Handbook, which is ready for immediate delivery, and also of the forthcoming Massachusetts and Maine-New Hampshire-Vermont Handbooks, each of which sells at \$12.50 per copy, may be ordered from the National Underwriter Company at 420 East Fourth street, Cincinnati 2, Ohio.



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with a Kidde automatic carbon dioxide fire extinguishing system . . . the fastest, safest 'round-the-clock fire protection you can buy. At the first hot breath of fire, Kidde's rate-of-temperature-rise actuators trigger the system. Instantly, clean carbon dioxide smothers fire, vanishes into thin air. Leaves no mess. The Kidde system features all operating parts completely enclosed for safety. No falling weights, no clumsy mechanical triggering methods. Pressurized, no outside power needed. Visual indicators to show if system is set or released. Easy testing of all operating parts. No parts to replace after operation or test. For more information write for Kidde's automatic carbon dioxide fire extinguishing systems booklet today.

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ACTUARIES

Insurance Company Management Consultants
LIFE—FIRE—CASUALTY
RICHMOND ATLANTA NEW YORK

L. J. Ackerman Says:

Erratic Fortunes Of Property Insurers Make Life Look Good

NEW YORK—The many attractive features of a life insurance operation have been strong factors in influencing a number of property insurers to enter the field in recent months, Laurence J. Ackerman, dean of the school of business administration at University of Connecticut, declared in his talk at the annual meeting of Atlantic Alumni of LIAMA Schools of Management.

He said the trend toward multiple line may develop to a point where one monthly premium would cover all family or business insurance costs. The time may not be too distant when some large company ties in fire and casualty coverages with its monthly premium life insurance.

Property companies' interest in the life field has been stimulated by a lack of strong and steady balance in property insurers' underwriting; the stability force of life insurance; the close relationship that life companies have with their agents; the large number of agents already available to property companies; the good increasing number of voluntary applications for life insurance brought about by a good public education job, and the public desire for only one agent to handle the entire insurance account.

Life insurance has a resiliency that enables it to keep developing new uses and areas of service. Some important new uses include the split dollar concept and its ramifications; financing of stock purchases; short-term trusts, and the funding of income continuation agreements in professional partnerships. The business need not be troubled by temporary setbacks or problems, he said.

The population has expanded and consumer demands have increased, creating a labor shortage and higher prices. This will change. A labor surplus could lower the wage level. No trend, including the present inflationary one, can continue forever. As a result, the fixed dollar guarantees in life insurance may be a savior, Mr. Ackerman said.

Roser Retires, Wis. Fire Rating Bureau Names Two

V. C. Roser, manager of Wisconsin Fire Rating Bureau at Eau Claire, has retired after 38 years with the bureau. Edward Wiese, who has been manager at Superior, has been appointed to succeed Mr. Roser at Eau Claire, and John M. H. Reed has been named to succeed Mr. Wiese.

Maine Ins. Co. Sues Mahoney

Maine Ins. Co., headed by Burton M. Cross, former governor, is suing Commissioner Mahoney in Maine supreme court to force him to permit it to write policies. The company asked the court for a declaratory judgment after Mr. Mahoney notified organizers of the insurer he doubted he possessed the authority to issue a certificate that would allow it to write policies because it was not doing business within two years after being chartered by the state legislature, which is required by law.



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MESSAGE TO AGENTS

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New Home Offices For Marine Office

Marine Office of America finished last week the move of its head office from 116 John street to the new 23-story air-conditioned office tower at 123 William street, New York.

The move was completed and the office open for business Nov. 12. Nov. 11 generally was observed as a holiday.

The move is one of the major leasing transactions closed in the insur-

ance district of lower Manhattan in recent years. Marine Office has multi-floor space in excess of 60,000 square feet. The long term lease involves all of the second, third and fourth floors, a reception area and private lobby on the ground floor and basement storage space. Aggregate rentals over the 20-year lease term will total approximately \$6 million.

The basic four floor office unit will be integrated by a special escalator and stairway, in addition to the regular building elevator facilities serv-

ing the space.

A cafeteria for the 400 Marine Office employees will be in operation serviced by a prominent caterer. The four floor office unit will also be served with background music.

A feature at the entrance will be the unique world clock which shows at a glance the time anywhere in the world.

General Adjustment Bureau has promoted J. M. Meadors to general adjuster at Albany, Ga.

Revise Assigned Risk Form, Plan In N. C.

Members and subscribers of North Carolina Assigned Risk Plan have been advised by the plan's manager, Paul Mize, that the governing committee and North Carolina insurance department have approved a new application form. Commissioner Gold has approved the form with minor revisions in punctuation and in spacing to facilitate typing the application. The new form, WC 3446, is expected to be distributed Dec. 1 through National Bureau of Casualty Underwriters.

Broad revisions in the form were urged by both stock and mutual agents' associations. Particularly, agents wanted to eliminate the requirements of notarization of the form. North Carolina law prohibits charging a handling fee by producers, and agents felt that with the volume of assigned risk business expected under compulsory, effective Jan. 1, notarization would enable unscrupulous agents to charge large sums for acting as notary and thus give the business a black eye.

The notary portion of the form will be removed. The old form was revised in other respects. Questions were rephrased to enable answering in "yes" and "no" check boxes at the end of each. This will speed up the work of clerical processing. Questions requiring exposition answers were cut to a minimum. Applicants must sign and declare all statements made are true and correct. The producing agent must also sign, cite his license number, and swear that the applicant has signed in his presence and that all information requested by the form has been given in his presence.

Richard R. Juby, executive secretary of North Carolina Assn. of Mutual Insurance Agents, and Richard S. Brantley, executive secretary of North Carolina Assn. of Insurance Agents, expressed satisfaction with the revision.

Revisions in the assigned risk plan itself include increasing the deposit premium which must accompany the application from \$25 to \$50, or the entire amount of the premium developed if less than \$50. The assignment is lengthened from two to three years. A number of editorial changes were made to revise the plan to fit the compulsory law.

S. F. Auto Adjusters Install Robert Moles

San Francisco Automobile Adjusters Assn. at its annual banquet installed Robert Moles, Fire Association, as president to succeed Fred H. Sloat, Fireman's Fund. Also installed were James A. Patrick, Hartford Fire, vice-president-treasurer, and Harry Davis, Great American group, secretary.

Travelers Appoints Dowd

Travelers has appointed J. Paul Dowd office manager in the branch office administration department at Buffalo. He joined the company at the home office in 1929, served at Chicago and Hartford, where he was named assistant office manager in 1947, and transferred to Jacksonville, Fla., as office manager in 1951.

Lewis County (Wash.) Agents Elect

Lewis County (Wash.) Assn. of Insurance Agents has elected Charles McGovern, Chehalis, president to succeed Glen Barnhart Jr. Robert Lintott was reelected secretary.

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Illinois Mutual Agents Plan Convention For Nov. 18-19 In Decatur

Illinois Assn. of Mutual Insurance Agents will hold its annual convention at Decatur Nov. 18-19.

Registration, a business meeting of the association and election of officers are scheduled for the morning of Nov. 18, followed by a luncheon meeting at which Jack Nulton will present a talk on sales promotion. During the afternoon, a discussion of "Our Business" will be held. Speakers and subjects to be presented are: Hugh Deery, Rockford, survey selling; Harold J. Bogard, Mattoon, business management; John Gainer, Princeton, hail insurance, and Donald M. Amos, DeKalb, farm insurance.

On the following morning, Nov. 19, George Herbert, Lumbermens Mutual Casualty, will talk on claims experience of the family auto policy, and R. K. Fowler, Indiana Lumbermens Mutual, will discuss homeowners coverages. A film and talk on office book-keeping practices, a meeting of the association's board, and a cocktail party will be held in the afternoon.

Claude P. Coates of Fort Worth, Tex., newly elected president of the national association, will be the featured speaker at the annual banquet to conclude the program.

Howell Reiterates Support Of Bill To Strengthen New Jersey Department

Commissioner Howell of New Jersey, speaking to Bergen County Assn. of Insurance Agents in Palisade Park, N. J., reiterated his support of legislation designed to strengthen his department.

He is pressing for full passage of a four-point bill which would:

- Grant additional power for suspension and revocation of licenses.
- Provide additional power to conduct investigations, interrogate licensees, issue subpoenas and compel witnesses to answer at any hearing.
- Establish a program of study to be completed by an applicant for an insurance license prior to written examination.
- Strengthen restrictions governing payment of commissions to other than a licensee.

This bill was passed by the New Jersey assembly last June by a vote of 41-0. The senate deferred final action on the measure until it reconvenes Nov. 18.

A major effect of the bill, Mr. Howell said, would be correction of the serious misclassification of auto liability risks, which his department has turned up during the past year and a half. The New Jersey department has so far developed evidence of overcharges due to misclassification totaling more than \$750,000, he said, adding that he believed the aggregate would pass the \$1 million mark before the department's probe of the situation is finished.

"New Jersey has done probably the best job on this of any state in the country," he said, "but we would not have the situation in the first place if our law made proper education and training mandatory for insurance licensees."

Weise Forms Chicago Adjusting Co.

W. G. Weise & Co., independent adjusters, has been formed to succeed Roy Lill & Co. at Chicago by William G. Weise. Mr. Lill, an insurance man for 40 years, is retiring but will remain for a time with the Weise organization. The successor company will handle all types of claims but will specialize, as did Lill, in inland

marine claims and surveys. Mr. Weise has been with Northwestern National Fire and General Exchange Insurance Corp., and in 1937 joined Western Adjustment, serving in the auto and fire departments before being appointed assistant superintendent of the inland marine department. He joined the Lill company in 1956.

Pacific National Appoints Newberg

Pacific National group has appointed David R. Newberg staff adjuster at Detroit. He has been with Western Adjustment.

Boston Makes Office At Atlanta Regional

The Atlanta office of Boston has been made a regional office. Joseph R. Wood, manager, becomes regional manager, and will supervise the group's business in Alabama, Georgia and Tennessee, except for Old Colony business in Alabama. This will continue to be serviced by Boykin & Co. general agency at Birmingham.

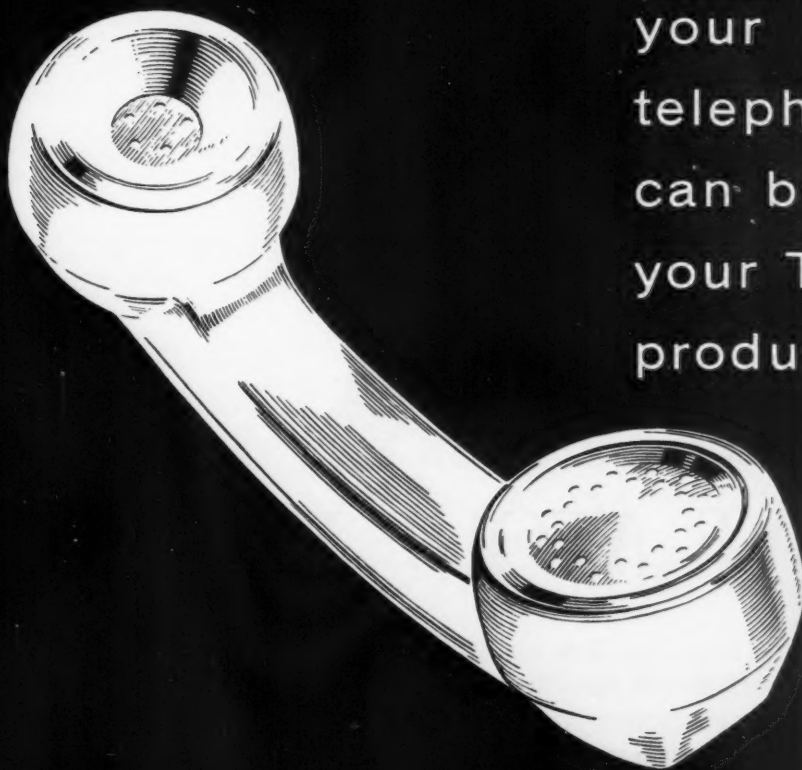
Mr. Wood joined Boston in 1954 as manager at Atlanta.

Merge Two Atlanta General Agencies

ATLANTA—A. H. Turner and Cowan & Mahone, two of the oldest general agencies here, have merged and will operate under the Turner name, with F. M. Kinnett as manager.

The Turner general agency was organized in 1913 and Cowan & Mahone in 1906. The consolidated office will operate in Alabama, Florida, Georgia, North Carolina, South Carolina, Virginia, Louisiana and Mississippi.

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In a single afternoon a small town Georgia agent produced more than \$40.00 in new commissions by persuading clients — over the phone — to increase the amounts of their fire policies. They all thanked him for showing an interest in their need for adequate protection.

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Pacific Claim Executives Assn. Elects Bigelow; Agree On Arbitration

Pacific Claim Executives Assn. at its fall meeting elected John N. Bigelow, Farmers group, president; E. W. Egle, Gulf, vice-president, and W. W. Dashiell, Civil Service Employees, secretary-treasurer. Mr. Bigelow succeeds Kenneth S. Hawkes, Northwestern Mutual Fire.

Members of the association adopted a resolution at the meeting agreeing

to submit inter-company disputes for arbitration within the association on a conference basis.

Ind. Casualty & Surety Managers Elect Calkins

Indiana Casualty & Surety Managers Assn. has elected C. Craig Calkins, Globe Indemnity, president, to succeed Mark Allison, American Surety. Also elected were: Earl C. Barnes, Standard Accident, vice-president, and H. Joseph Wilson, Massachusetts Bonding, secretary-treasurer.

Hunting Is Elected Safeguard Secretary

Safeguard has elected William H. Hunting a secretary of the company. He also has been appointed a branch secretary of London & Lancashire, which he joined as a special agent in Connecticut in 1951. He transferred to the home office, where he has served in various positions, in 1955. In his new post he will assist P. E. Manion, vice-president, in supervising underwriting in all casualty classes.

CPL Insurer Held Not Liable In Assault Case

An insurer, United Pacific, was under no obligation to defend insured on charges of assault and battery, and the settlements insured made in the assault actions were for injuries not covered by the policy, Oregon supreme court ruled in the case of Macdonald vs United Pacific, reported in 9 CCH (Fire & Casualty) 295.

Macdonald sued the insurer for breach of the provisions of a comprehensive personal liability policy. The lower court held for the insurer and insured appealed.

Insured alleged that as a result of an altercation he was charged with assault and battery in the municipal court. He pleaded not guilty and asked insurer to defend him. United Pacific declined to do so. Macdonald employed counsel and on an appeal to the circuit court the assault and battery action was dismissed.

Macdonald then asked the insurer for \$389 expenses incurred in his defense, for \$2,750, the sum for which he settled a suit for \$140,000 damages for assault and battery, and for \$1,590 for defense in the liability actions against him.

Macdonald asserted his innocence on the charges of assault and battery, and said that if there were any injuries sustained they were accidental and unintentional.

The state supreme court concluded that cases may arise in which insurer has no duty to defend but in which the ultimate proof shows a duty to pay. However, it concludes that this is not the case.

In this case the only charge stated in the complaint filed against Macdonald was one of assault and battery. There was no issue presented in the pleadings in that litigation which could have brought the case within the coverage of the policy. The action against Macdonald was for injury caused intentionally by insured. Such an action was outside the general coverage of the policy whether it was a valid claim or was false and fraudulent. The insurer had no duty to defend.

The settlement made by Macdonald in the assault action was also for an injury not covered by the policy, and the court held that United Pacific is not liable either for failing to defend or for refusing to pay the amount paid by Macdonald in the settlement. Macdonald argued at great length that he should have the opportunity as insured to present his case that the third party suits against him were false and fraudulent. The court agreed that if a suit is brought against insured alleging acts which are within the coverage of the policy, the insurer must defend, whether the suits are or are not false and fraudulent. But this is not such a case, the court ruled.

Henry A. Huehner, Latourette & Latourette, Portland, appeared for Macdonald; and Wayne A. Williamson, Mautz, Souther, Spaulding, Denecke & Kinsey, James B. O'Hanlon, Portland, for insurer.

Dealer Policies Reclassed In Iowa

Inland Marine Insurance Bureau advised that in Iowa the seven dealers policies, effective Oct. 28, have been classified as commercial property rather than inland marine. These dealer groups are household appliances, office machinery and supplies, heating and air-conditioning equipment, industrial machinery and tools, sporting goods, professional or scientific instruments, and marine supplies.



AVE ATQUE VALE

This is an announcement that we make with a great deal of pride, but with understandable regret. It involves the change of our name.

When a business acquires a name, it may at the time be truly descriptive. Such was the case when Fire Association of Philadelphia was formed.

But our name was chosen 140 years ago, and it no longer adequately describes our business. Now we are engaged in many fields on a world-wide basis.

RELIANCE INSURANCE COMPANY is a fitting name which is descriptive of our every activity. It continues to reflect the integrity and service which have brought us a reputation for leadership and progressiveness.

So we say "Hail" to the new . . . Reliance . . . but with a tug at the heart in parting with the old . . . Fire Association. As of January 1st, 1958, we will be known as Reliance Insurance Company.

RELIANCE INSURANCE COMPANY

formerly

Fire Association of Philadelphia

Mich. Mutual Agents Set Up Lansing Office

Michigan Assn. of Mutual Insurance Agents has established a full-scale headquarters office at Lansing with Russell Robbins as executive secretary and legislative representative.

Mr. Robbins, who has had lobbying experience as a representative of the state chiropractors, took over his duties coincident with the association's convention in Detroit during the past week at which a strong resolution was adopted condemning compulsory insurance proposals.

The resolution noted "that there seems to be a movement proposing a compulsory law to force every motorist in this state to buy bodily injury and property damage auto insurance" but emphasized that "very few valid auto personal injury claims of significant proportions go unpaid in Michigan" and that 91% of persons "involved in reportable accidents" in 1955 carried bodily injury insurance while 70% of the remaining 9% "satisfied requirements of our existing financial responsibility act." Half of the remaining claims proved invalid because there was no liability proved against the defendant.

James M. Hare, Michigan secretary of state who became a strong proponent of a compulsory law after he was injured in an accident involving an uninsured driver, was a surprise speaker at the meeting. Other speakers included Commissioner Navarre of Michigan; Darlyle Watters, department licensing divisions director, and Sgt. Thomas Tobin of the state police fire marshal's division.

Hilton Kiebler, East Lansing, was named association president. Other new officers are: Vice-president, Charles Venema, Kalamazoo; secretary, Don Schriber, Grand Rapids; treasurer, Ronald DeKuiper, Fremont; directors, Cy Strange, Detroit, immediate past president; Stanley Nesen, Alma; Russell Ballard, Flint; George Van Dusen, Detroit, and Eldon Smith, Benton Harbor.

Karras Succeeds Rogers As Income Indemnity V-P

Income Indemnity of Rockford has named Fred L. Karras vice-president to succeed Benjamin F. Rogers, who has resigned. Mr. Karras, who has been in insurance for 10 years, was previously with National Casualty at the home office.

Income Indemnity, at the present time licensed to do business only in Illinois, is now seeking brokers and agents throughout the state, according to Mr. Karras. The company writes all lines of A&S, including blanket creditor A&S. Louis E. Caster is president and chairman.

Butler Retires At S. F. From Hartford Accident

Robert H. Butler, assistant manager of Hartford Accident at San Francisco, has retired after 37 years with the company. A tribute to Mr. Butler was made by Addison C. Posey, San Francisco manager of the company.

Suggest Everything In Mass. To Avoid Auto Compulsory Rate Increase

The Massachusetts legislative recess commission studying compulsory automobile insurance has been urged to investigate to determine whether insurers are paying claims that are illegal because they have not been reported to the registry of motor vehicles as required by law.

Rudolph F. King, registrar of motor vehicles, appearing before the commission at a hearing, said "if we are to get a clear picture of compulsory insurance then a study by this commission of claims and accidents, and why claims are paid when they are not reported as accidents as required by law, is needed."

If insurers are paying claims for accidents not reported, they are only encouraging people to make nuisance claims that are really fake claims, he declared.

Mr. King said he had sponsored legislation to require that all claims filed under compulsory be made under the penalties the majority of claims \$300 or under are without foundation.

Robert S. Kretschmar, Massachusetts manager of American Automobile Assn., advocated proposed legislation to insure the driver and not the automobile.

Harold J. Ginsburgh of American Mutual Liability argued that such a system would greatly increase the cost of compulsory as well as administration of the law. Both Mr. Kretschmar and Mr. Ginsburgh are members of the special commission studying compulsory.

Former Sen. Rudsten of Boston, a candidate for the Democratic nomination for governor suggested that the commission call a conference of top insurance executives, commission members, key legislators, and special representatives of the public, "to arrive at mutually agreeable solutions to the problem." The cost of compulsory insurance is second only to the sales tax, he said. If something is not done to get rates down, he warned, the outrage of motorists will reach such a crescendo that there will be a definite demand in a year or two for state insurance. He said that if the insurers go to court and win the 25.5% increase in rates they are seeking it will mean Massachusetts auto insurance costs will have increased 45% in two years.

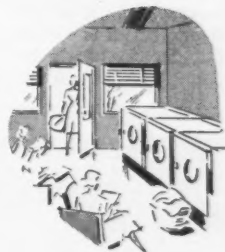
General Adjustment Bureau has moved its offices in Alamogordo, N. M., to larger quarters at 210 Ninth street.

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A "Packaged" Coverage that Opens up a World of Prospects!

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Discuss Non-Standard A&S Terms' Definitions

(CONTINUED FROM PAGE 10)

finer his coverage as retirement income. The language barricade will stand for years to come. To those who draft policies it will be disability insurance, to agents and younger policyholders—income protection, and to the oldsters—insured retirement.

Mr. Day said the policy provision defining covered charges as necessary

and reasonable or regular and customary immediately runs into insurance industry-medical profession relations. Unfortunately, when this question was first raised on an industry-wide basis, it was sometimes referred to as overuse and abuse. This problem has gained increasing importance with the rise of group major medical and com-

prehensive. However, this is not only a group problem because major medical also is making rapid strides on the individual basis.

The reasonable and customary provision will become an increasingly important phrase in A&S policies if the industry is to continue to write broad coverage at a premium acceptable to the public. The medical profession is a strong ally in making that phrase effective, he said.

Mr. Berry said the perfect policy is

one that will always be read alike by the insurer, the policyholder and the courts. The contract should clearly state its intent and be, within the limits of carefully selected language, proof against distortion into an undertaking more extensive than contemplated by the insurer or paid for by insured. The intent to limit coverage beyond the generally accepted interpretation and meaning of words and phrases should be authorized by policy definition.

What should be paid, not what must be paid, should be the guide to action. A contract should not be ambiguous, uncertain or susceptible of strained interpretation. For example, the word "sickness" may cause the reader to wonder whether it means an illness, a disease, a deformity, an infirmity or just plain miseries and whether it refers to a single sickness, a second episode of the same sickness, a new or recurrent sickness. The words "sickness" and "disease" are broad terms describing physical and mental disease or a condition lacking physical and mental well-being and causing loss covered by the policy. These words certainly include bodily and mental infirmity, deformity, anomalies and just plain miseries not otherwise excluded in a specific A&S policy, Mr. Berry said.

Mr. LeClair said there are many different situations which confront a claim man when a surgical operation is involved. One question is: "Is it remedial or necessary?" If a surgical operation is performed to correct an existing sickness or bodily injury which has met the other provisions of the policy, there is no problem. The procedure is necessary and remedial and covered. There are times, however, when an operation is necessary, but not remedial. Examples are those procedures for diagnosis only. Another question confronting the claim man is what consideration can be given to elective procedures.

Another field of surgical endeavor is cosmetic surgery. These operations are not looked upon favorably by the claim man except in the case of the surgical repair of scars which follow an accidental bodily injury sustained while the policy is in force.

Consideration of all these problems involves the terms of the insuring agreement in the policy as well as the question of pre-existence. Relevant to this is the elimination of this as a defense after the passing of the time limit period, the intention of the policy, and the extent to which certain, if any, of these procedures can be covered by the policy within the premium and consistent with good claim handling, he said.

Fireman's Fund Opens Hempstead, N. Y., Office

Fireman's Fund has opened a new service office in Hempstead, N. Y., to serve Nassau and Suffolk counties under the supervision of the metropolitan New York branch. The building, which is of aluminum curtain wall construction with glass and metal panel inserts, is equipped with air-conditioning, fluorescent lighting, a kitchen for employees' use at lunch and coffee breaks, and off-street parking. Future expansion can be accommodated by addition of a second floor.

Cal. Department Has Conference

LOS ANGELES—The California department of insurance has concluded its second annual departmental supervisory management conference at Pacific Grove. The objective is to instruct personnel in application of leadership, skills and techniques, and to discuss in full problems and procedures of the various units of the department.

TELEPHONE CONSULTATION
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Fidelity & Guaranty Insurance Underwriters, Inc., Baltimore 3, Md.
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Sometimes we're amazed at the lack of common sense in high places. More than any single virtue, common sense can help insurance men do more things right—and fewer things wrong. Such as in the selection of companies to represent, for instance.

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HOUSTON 1, TEXAS

National Fire Promotes
Three To Midwest Posts

National Fire has promoted W.J. Wert, manager of the Omaha service office, and has transferred him to Chicago, where he will become superintendent of the marine and multiple peril department. Paul Shannon, who has been state agent at Sioux Falls, S. D., will succeed Mr. Wert at Omaha, and Robert L. Aschim, formerly special agent in Iowa, will succeed Mr. Shannon.

Mr. Wert joined National Fire in 1941 in the Chicago marine department. He later transferred to the fire underwriting department, was named special agent in northern Illinois in 1951, and was transferred to Wisconsin in 1953. He was appointed superintendent at Omaha in 1955 and was promoted to manager there last June.

Mr. Shannon joined the company in 1950 as special agent in South Dakota, after several years of local agency and adjusting experience. He was named associate state agent in 1953 and advanced to state agent in 1954. Mr. Aschim has been special agent in Iowa since joining the company in 1947. Before that, he was with Iowa Insurance Service Bureau.

Fla. Effects Additional
FR Reciprocal Agreements

Commissioner Larson of Florida, administrator of the financial responsibility law there, has concluded reciprocal agreements with 10 states having similar statutes, under which motorists from those states will be credited with meeting the requirements of the Florida FR law if they meet the requirements of the corresponding law in their own states.

Agreements have been signed with Georgia, Idaho, Montana, New Jersey, Oklahoma, Arizona, Michigan, Vermont, New Mexico, and Nevada, and negotiations are going on with California, Connecticut, Indiana, Maryland, New Hampshire, New York, Oregon, Pennsylvania, Rhode Island, and Wyoming.

Florida has had agreements with Louisiana, Minnesota, Missouri, North Carolina, Tennessee, Texas, Wisconsin, Washington, D. C., and the Province of Manitoba, Can., for some time.

T. M. Mayfield & Co., independent adjusting firm with home offices in Charlotte, N.C., has opened a new branch in Columbia, S.C., and appointed W. T. Dreher manager there. The firm now has five branch offices. The others are in Fayetteville and Wilmington, N.C., and Greenville, S.C.



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With the strength and integrity of his personally selected companies behind him, his experience and knowledge enable him to handle your most difficult insurance problems.

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25 MAPLE STREET, PAWTUCKET, RHODE ISLAND

Incorporated 1848



Mutual Companies Discuss Office Methods

(CONTINUED FROM PAGE 2)

lection of new employees. They also provide a valuable aid in upgrading or advancing older employees. They enable employees to advance in areas which allow them the greatest job satisfaction, help to reduce employee turnover, and aid employees to discover the type of work for which they are best suited.

Similarly, there are five principal dangers of these tests. In the first place, aptitude tests are not 100% accurate, and must be evaluated with the thought in mind that there is a margin of error. Secondly, different companies require different tests, according to their respective needs. Aptitude tests, in addition, are not in-

tended to be used as a sole basis for judgment, and they must be administered and interpreted carefully and explained carefully to all employees or prospective employees. Finally, tests cannot be used as a substitute for good judgment on the part of the personnel manager.

The values of these tests, Mr. Menzel concluded, greatly outweigh their disadvantages. With care, they can be utilized to provide great assistance to the company in achieving a better team.

During the afternoon of the conference's first day, the accounting and statistical section heard John J. McGuire, Meridian Mutual, who reviewed claims experience reports; Hugh Ingall, Nationwide Mutual, who discussed estimating unreported claims, and William Wacker Jr., State Auto Mutual, who analyzed loss reserve testing. After a short break, four talks centered around electronic assists in office procedures were presented. C. L. McDaniel, State Farm Mutual Auto, reviewed investments; Elmo F. Gentès, State Farm Mutual Auto, described the use of an IBM 407 in policywriting; Walter W. White, Rural Mutual Casualty, told of premium billing techniques; and R. D. Arnett, Nationwide Mutual, told of his company's experience in using an IBM 650 magnetic drum computer for payroll.

The office methods and personnel section at the same time heard D. S. Smith, Meridian Mutual, who described selection of supervisors; J. B. Wilson, American Farmers Mutual, who traced the history of unionization of employees, and a panel discussion of personnel problems resulting from automation. Participants were R. M. Morphew, Mutual Services Casualty; Norbert Vanden Heuvel, Farmers Mutual Auto, and D. B. Spangler, Celina Mutual. M. S. Sandberg, Federated Mutual Implement & Hardware, was panel moderator.

"Expenses" was the theme of the accounting and statistical section's program on the morning of the second day. A. L. Busch, Mutual Service group, discussed "Allocation to Lines of Business;" Hugh D. Wallace, Farmers Mutual Auto, reviewed "Reduction of Expenses by Budget Control," and Dewey Dawson, Celina Mutual, hit another angle of the same problem with a talk on "Reduction of Expenses by Incentive Plans."

The office methods section discussed the training of clerical employees during its session the same morning. Charles D. Keesler, Citizens Mutual Auto, analyzed the extent to which an employee training program should go; Norman Felgner, Frankmuth Mutual, contrasted training by a centralized authority within the company to training by departmental supervisors, and E. J. Henry, Nationwide Mutual, discussed the psychological reasons that employees make mistakes.

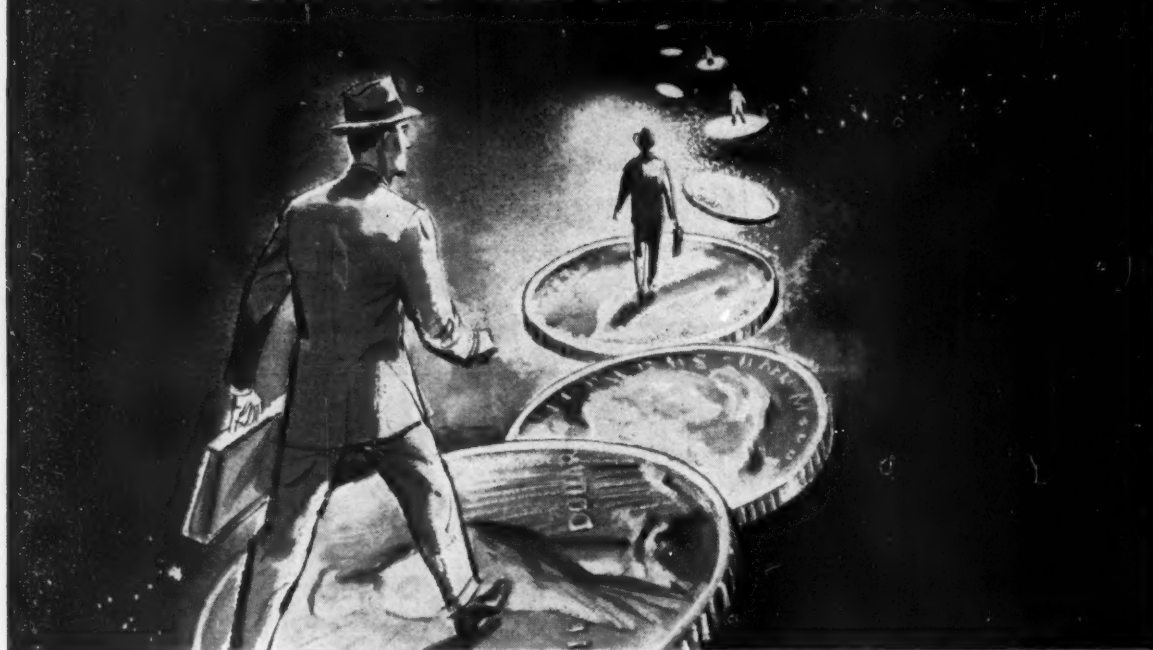
Alvin J. Vosskuhler, industrial relations manager of International Harvester Co., Chicago, spoke on "Motivating the Employee to do a Better Job" at the convention's final session, which was a joint meeting of the two sections.

In the past, Mr. Vosskuhler said, a company which offered vacations, pension plans, recreation and attractive hours and working conditions, had a formidable tool to join that company and in the motivation of employees to stay, to increase their production, and to seek advanced responsibilities. Now, however, these items are no longer incentives, but, by wide acceptance, have become conditions of employment.

Actually, he pointed out, every individual seeks to satisfy his ego, to feel important, a part of a team. Satisfaction of this basic drive by an employer is a far more effective motivating factor than an increase in money, as such.

What, then, are the motivating incentives to do a better job, as they

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exist today, Mr. Vosskuhler asked. These may be divided into two classes, he went on, financial and non-financial.

Financial incentives include salary, of course; profit-sharing plans, and individual and group pay incentive plans. These have their places, but can be "weasel" incentives which may work to the disadvantage of the employer if care is not taken. For instance, a profit-sharing plan is fine in a year when the company makes money, but in a poor year when the company loses money, employees are offended when the expected share does not materialize.

Non-financial incentives are by far the more effective motivators, Mr. Vosskuhler asserted. The best of these, he said, is the establishment by management of a weekly staff conference with all employees, in which company and departmental problems may be discussed and individual performance commended. Another prime consideration is to make absolutely certain that the individual employee has enough work to do. Nothing is more demoralizing to the employee than to have to sit staring at his hands for lack of work of a type suited to his talents and abilities.

A periodic review by management of the employee's progress and a conference with the employee on this basis is another important motivating factor, he said.

But the two things employers must remember are that employees tend to emulate their leadership and that effective supervision by management is essential to the employee's desire to join the company, his desire to produce to the utmost of his capacity, his desire to be of such value that he will be considered for advancement, and, lastly, his desire to remain with the company rather than looking elsewhere for more challenging employment. Effective supervision, Mr. Vosskuhler concluded binds all the other incentives together in motivating the employee to do a better job.

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Auto Liability Undergoing Long Term Changes

(CONTINUED FROM PAGE 1)

creases, the companies are feeling the effects of a resistance which increases to a greater degree than is warranted by the proportion of increase as the dollar premium for auto cover rises through the fifties, passes one hundred, and gets into (in some territories) the hundreds.

In compulsory Massachusetts companies are offered substantially less than half of the increase of rate that the experience figures justify. In New York there has been considerable ma-

neuvering following refusal of the insurance department to approve the increase asked there. In New York also, the insurance department is getting letters from insured over the state saying that "now we have compulsory, why do we have to pay these ridiculously high rates? Why isn't there a state fund to write the business?"

Every year for the past three years there has been a measure introduced in the New York legislature to expand the authority of the state fund, which

presently writes only workmen's compensation and statutory disability, to write automobile liability. Heretofore, these bills have been fairly innocuous, with little or no steam behind them. It is predicted, however, that there will be similar legislation introduced at the session which opens in January. While the suggestions of a state fund show no real comprehension of the basic problems involved in the high costs of automobile insurance, that pressure will be added to what is very likely to be a considerable pressure by legislature time arising from a decreasing market and difficulties many New Yorkers will have in getting their business written at all in the private insurers.

auto insurers at a profit. It is quite important that they do not yield, piecemeal, the prerogatives of management.

Long term it is now apparent that the automobile business will follow to a degree the pattern of development that occurred in workmen's compensation. As automobile becomes more and more statutory, which it consistently has done for many years, rates will be increasingly made as a result of negotiation between the political realities and the statistical verities.

The drift of the business will be to companies capable of handling automobile; this has been the story with workmen's compensation. Fewer companies write more of the business. These companies are characterized by know-how. If they are national, they are larger and have a larger volume of automobile—their expense is not high in relation to other companies handling the same line because of greater efficiency and larger volume. Smaller companies will write it that operate regionally, that have a large volume of the business in their territory, that are close enough to the business to underwrite it shrewdly and close enough not to spend a lot of money on it that companies do that are spread too thin. While the proper proportions of classes and business by territories is essential, the auto liability business, apparently, has to be written in depth, to maintain underwriting control and hold down expense, whether the operation is national, regional, or in well selected spots.

In Massachusetts there has been a drift of automobile business to fewer agencies. This occurred of course with workmen's compensation. These agencies handle a volume of automobile risks which tends to grow over the years. The costs of handling the business and the reduced commission on it are offset to some degree by volume. More and more agents get out of the business altogether.

To illustrate, today insurers that believe their proportion of auto business is too large are emphasizing appointment of agents that operate in or in connection with banks, building and loan firms, etc., where the production is largely first party coverage and there is little or no agency demand for automobile.

Thus, what has happened with respect to companies in the workmen's field also has happened to companies writing automobile liabilities in Massachusetts. This is indicated by the fact that there are less than half the number of companies writing automobile liability in Massachusetts than are writing automobile liability in neighboring states.

There was a time in Massachusetts, when the first full effects of the Korean War inflation began to be felt by the automobile liability insurers, when companies did not pay a commission; they paid zero commission, at least to some agents. In New York, the factor for production cost allowance, which is comprised principally of commission, already has been reduced in a filing presently under consideration in that state.

Companies are studying closely the percentage of their total volume they have in automobile. With the volume of auto finance insurers and direct writers subtracted, something around 30% or less is regarded by some agency companies as the top proportion of

In North Carolina, the insurance department is attempting to work out with the industry some form of preferred rating program to provide special rate achievement for no-accident drivers. (The driver reward plan of years ago proved pretty unsuccessful to both insurer and insured.)

Unquestionably, the breakthrough of compulsory in New York and North Carolina, after it had been successfully confined to Massachusetts for 30 years, impressed upon the automobile business a distinctly different character. The final step to compulsion is a powerful element and alters the complexion of the automobile insurance business materially, especially when it is viewed in relation to possible future developments—the spread of compulsory to other states.

But at the moment, it is interesting to note that in states which do not have compulsory, the increases in automobile, especially automobile liability, in the last two or three years, and the growth in the size of the premiums paid by the individual insured, has developed a counter pressure on rate rises. This has been reflected in actions by several insurance departments similar to the actions of departments of states that have compulsory even though these other states do not presently have compulsory. Departments have called hearings or have tried to stop the rate increases until hearings were held. Badly needed rate increases have been held up.

For the long term, the effect of compulsory already is quite apparent. What happened in Massachusetts promptly happened in New York. Despite protestations that the state would not get into rate making, protestations that were even written into the law, New York is in rate making from the outset. It is hard to see how this could have been avoided. Since the state has ordered all automobiles to be insured, it suddenly discovers that it has its hand on the tiller and cannot let loose. It is not likely to let loose.

For the long term well being of the insurance business, it can only be hoped that the slow attrition of rate control in the railroad field, which has brought that business dangerously close to extinction, will not be allowed to fasten on the insurance business and produce the same result. In this connection, a hopeful sign is that the insurers in Massachusetts, pushed to the wall, took the insurance department to court. Insurers do this reluctantly, which is a tribute to their patience and sense of public relations. But they should do it and do it promptly where they need to. The courts are the place to attain equity if it cannot be obtained in a governmental agency. Insuring certainly should throw off any sense of uncertainty that they are entitled to deliver

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business they should have in automobile.

Can a company afford to get out or stay out of auto liability, if it is otherwise doing a general fire and casualty business with agents who may need the auto capacity today and are quite apt to need it more in the days ahead? This is a question company executives are asking themselves more frequently as they lose more money on automobile. Do they have the choice competitively of staying in or getting out, providing that they have the option on a financial basis after the 1957 results are totaled?

This is a tough question. Fire only companies are being reluctantly led into multiple line by other influences such as package policies, and with automobile constituting the biggest single line and affecting more insured than any other, perhaps there is no choice. In that case, the automobile situation may force a decision to merge with one or more other insurers. There are, of course, several other influences being exerted in the direction of mergers—the need of money, of more size, and of personnel.

The mergers of large insurers have been the ones to attract attention, but there have been many of smaller companies. The prospects are for more of the latter, not so many of the former.

The reasons for this are several. Big companies are turning down offers from sizable companies to come in under the same roof because there is no advantage to the large company in the merger. The tax advantage is apt to be little or none, and there is little attraction to a portfolio of investments the large company can go into the market and buy, at the moment at a lower price than was paid.

Personnel is an attraction though here the desirability of real talent is offset to some degree by the disadvantage of picking up poor talent, and a company that needs to merge probably has accumulated more of the latter than of the former class anyway.

One thing the large insurer would like is to get more agents, if it were able to acquire them by merger. But there is little reason for an agent to switch from Company B to Company A as a consequence of merger. If Company A could get into an agency of Company B, it likely would have done so already.

This is, however, one of the real desires of the company today that has a policy of keeping right on competing in the midst of hard insurance times. For from 1938 to 1950 the number of local independent agents in the U. S. practically stood still. Most of the increase in local agency ranks since 1950—and there has been some—has come from direct writer agents going independent. In quite recent times local agencies have done some strengthening of staffs. However, the increase in agents since 1928 to the present day has by no means been enough, insurers feel, to take care of the quintuplication of the business and at the same time put the present day local agents in a position to exert the effort required to meet today's tougher competition.

Competent observers believe that there lies ahead, immediately and long range, more accommodation of the insurer by the agent on automobile business than vice-versa. Agents will need to protect their automobile marketing capacity by sweetening the auto business with better lines. Agents

probably will have to underwrite more carefully their auto risks, particularly those agents who have not done much of it in recent times. Long term, automobile liability unquestionably has to be underwritten more closely.

Another effect of compulsory is expected to bring prices of automobile coverage closer together. This may reduce the effect of price competition, but with what else the agent has to contend with under compulsory, increased service, lower per unit earnings, underwriting and capacity difficulties, this benefit may pass unnoticed—to the agent. It should put the agency company, however, in a somewhat better position, and it should tend to develop volume for the agency interested in the class.

All in all, the volatile, difficult, contrary, and gigantic auto insurance business is undergoing slow but perceptible changes in its long term character, and some sharp short range gyrations.

Insurers Held Liable For

Explosion In Radiation Loss

(CONTINUED FROM PAGE 3)

to losses caused by the contamination of physical property and all business interruption losses was adopted by the district court. Insurers challenged this finding. But the appeals court ruled the testimony showed that the rapid expansion of the compressed gases in the radioactive salt would eject part of the salt from the capsule at the time of explosion. These salt particles were so small they could be picked up by air currents and carried considerable distances. Highly radioactive radon gas also escaped at the time of explosion and was disseminated by air currents. Radon is unstable and in a short time decays into a solid substance which is also highly radioactive.

Keleket contended that the business interruption loss was much larger than the amount allowed by the special master. The latter based his computations on the figures of the accountant for the insurers, as being more realistic than the Keleket amount, estimated by an accountant for Keleket. Both accountants used the same method for calculating costs but disagreed which figure should be used as the closing inventory. Insured contended it should be cost, the master adopted the value of closing inventory as shown on Keleket's books, which reflected a write down of inventories to provide principally for extraordinary obsolescence.

The appeals court commented that the policies involved do not have such ambiguity as to apply the rule of construction in favor of insured. It said "information derived from the (insured's) accounts may materially assist in determining the losses in a practical way and in giving effect to the purpose of the business interruption policy. The accounts may not be followed blindly, but should be accorded such weight as practical judgment dictates, all relevant matters having been duly considered." The special master was a CPA. The burden of proof, the appeals court held, was on insured. The court noted that excess raw materials remaining in inventory after termination of a contract—and most of the Keleket production was on contract with the government—and having no utility in future pro-

duction, should logically be charged as a cost of materials attributable to the contract for which they were purchased. The court dismissed the cross-appeal by insured.

The appeal court disallowed the decontamination expenses under the U&O, commenting that the policies were not intended to compensate for the plant building. Insured was required by the due diligence clause to rebuild, repair or replace the building with payment for reduction of earnings to continue for such time as was required to effect such repairs.

Insured argued that decontamination did not require rebuilding, repairing or replacing and therefore nothing was required of it in this respect. But the court held the evidence is to the contrary. Methods used to remove the radium from the building were similar to typical restoration activity following a fire. Where possible the building was repeatedly waxed with a complexing agent, versene solution, to remove the contaminant. Washing was ineffective where the radium salt was taken up by porous material such as wood or concrete.

The insurers did not contend that Keleket failed to use due diligence in decontaminating, how has insured introduced any evidence of expenses necessarily incurred to reduce the business interruption losses, the court said. If Keleket had shown interruption reduced by use of overtime at premium wages, premium wages would be allowable up to the amount by which the liability of insurers was reduced. But there is no evidence to this effect. For that reason the appeals court held the district court in error in allowing the \$19,862 decontamination expense.

Southwest Actuaries Hear Harrison

William A. Harrison, Texas commissioner of insurance, itemized the new department's actions and objectives in an address on "Reorganizing A State Agency" at the recent annual meeting of Actuaries Club of the Southwest in Dallas. It was his first major public statement since becoming commissioner four months ago.

Mr. Harrison listed 16 actions, some of which are just getting under way, and declared that "we are well pleased with the response to our efforts" in reorganizing and improving the department "to the end that public confidence will be restored in the board, its employees and the insurance industry of Texas."

Most of the itemized accomplishments are widely known, including such matters as the board's new divisional set-up and hearings in both the life and fire fields. Some are continuing operations, such as the studies now being made of the company examination division for the purpose of exercising stronger supervision and control.

The major new program, announced earlier in the week, calls for a broad investigation of the competence, fitness and reputation of Texas insurance executives under a reform law passed in 1955. That law, which has been used only once, empowers the board to order companies to replace their management if the board, upon investigation, does not think it is fit.

Alex Goldberger has been elected a vice-president of Greater New York Insurance Brokers Assn.



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Great American In New Home Office

Great American opened its new home offices with an open house for producers in the metropolitan area last week. A second open house for inspection of the handsome quarters at 99 John street, New York, is being held this Friday evening.

Since the building was purchased from North America in July, 1955, major renovations have been made on the lower 12 floors of the building, nine floors of which Great American will occupy within a year. The company group already is occupying parts of the main, third, sixth, eighth, ninth and 10th floors, and all of the fourth and fifth.

The company expects to be entirely out of the triangular shaped building at Liberty street by the end of next year.

The floors Great American will occupy at 99 John have been completely

air conditioned, equipped with new lighting and redecorated.

One of the features of the fifth floor is the mural in the reception room that leads to the offices of the chief executives. This is a copy of an original oil painting now in the New York City museum and depicts John street, from Nassau to William, in 1786. The view shows the original Wesley chapel, first Methodist church structure in America. The rebuilt church is now on the same site.

The decorating and paneling in the executive suite are quite handsome. In the directors' room the paneling is cherry, and in the executive offices either cherry or butternut, except for the office of Chairman D. R. Ackerman, which is redwood burl.

On the fifth floor are the directors' room, executive committee room, conference room, executive offices, in-

vestment department, methods and planning, special risks and executives dining room. The latter seats about 50. Along with the cafeteria on the fourth floor, it is served by Schrafft's. The dining room contains a small kitchen area and an elevator for transporting food from the main kitchen on the fourth.

On the fourth also are a lounge and work area where cashiers and collection departments are situated. This contains the entire collection department and account checking units. The company feeds more than 900 persons a day, or about 75% of the New York employees, at an average cost to the employee of 40 cents a meal.

The metropolitan department will occupy the entire first floor. The education, personnel and medical departments are on nine, the mail division in the basement.

apartments were damaged for a total of \$700,000, and 175 dwellings were damaged in the amount of \$350,000.

Losses in Groves and Orange will be handled by GAB out of Port Arthur under the supervision of J. G. Sexton, branch manager.

Alexandria, La., was hit by a wind storm which had an estimated velocity of 60 miles an hour, accompanied by two inches of rain, and at the height of the storm a tornado struck the city. GAB estimates 20 dwellings were damaged at an average of \$5,000, 150 at an average of \$3,000, another 150 at \$1,000, 500 at \$300, 500 at \$150, plus 150 household furniture losses averaging \$2,000.

There are some larger claims at Alexandria, among them the Louisiana Agricultural Cooperative at \$51,000, Second Bethlehem church at \$15,000, American Compress Co. \$200,000, Arkansas Fuel Oil Corp. \$40,000, KALB radio station, \$30,000, and Mitchell Grocery \$20,000.

Tex., La. Tornado To Cost \$4.2 Million

(CONTINUED FROM PAGE 1)
for \$5,000, a Catholic church for \$50,000, five mercantile buildings for \$38,000, and a Masonic hall for \$20,000. In a housing addition, 100 duplex

Robert W. Edgar of the Edgar Agency, has been elected president of Eau Claire Insurance Board to succeed Clarence Wilda. David S. Donnellan was named vice-president, and Jack Haskins, secretary-treasurer.



Vice-presidents of Great American group at the opening of the new home offices in New York. From the left, W. R. Ewald, T. H. Bivin, W. J. Ahearn, C. M. Close, and John McMaster. Mr. Ahearn and Mr. Close are executive vice-presidents.



The Great American secretarial staff that serves the senior officers of that group are shown with W. E. Newcomb, president, during the open house held at the opening of the new home offices in New York: From left, Miss Dorothy Graham, Miss Eunice Palmer, Miss Clare O'Brien, Miss Matilda Pieger, and Miss Marie Corcoran.



Vice-presidents of Great American at the opening of the new home office in New York: J. G. Niederlitz, Walter E. Beeson, R. A. Lydecker, and R. W. Lester.



W. E. Newcomb, president of Great American, D. R. Ackerman, chairman of the group, and G. F. Michelbacher, president of Great American Indemnity, in the back row, and Miss Eleanor McEachern and Miss Marjorie King of the Great American reception staff, at the opening of the new home offices of Great American in New York. The picture shows in the background a reproduction of a painting of John street in 1786, which is a feature of the reception area of the executive offices of the companies.

Two great American vice-presidents are shown at the new home office opening in New York, with D. R. Ackerman, chairman, in the center. On the left is C. J. Carskadan and on the right S. T. Skirrow.



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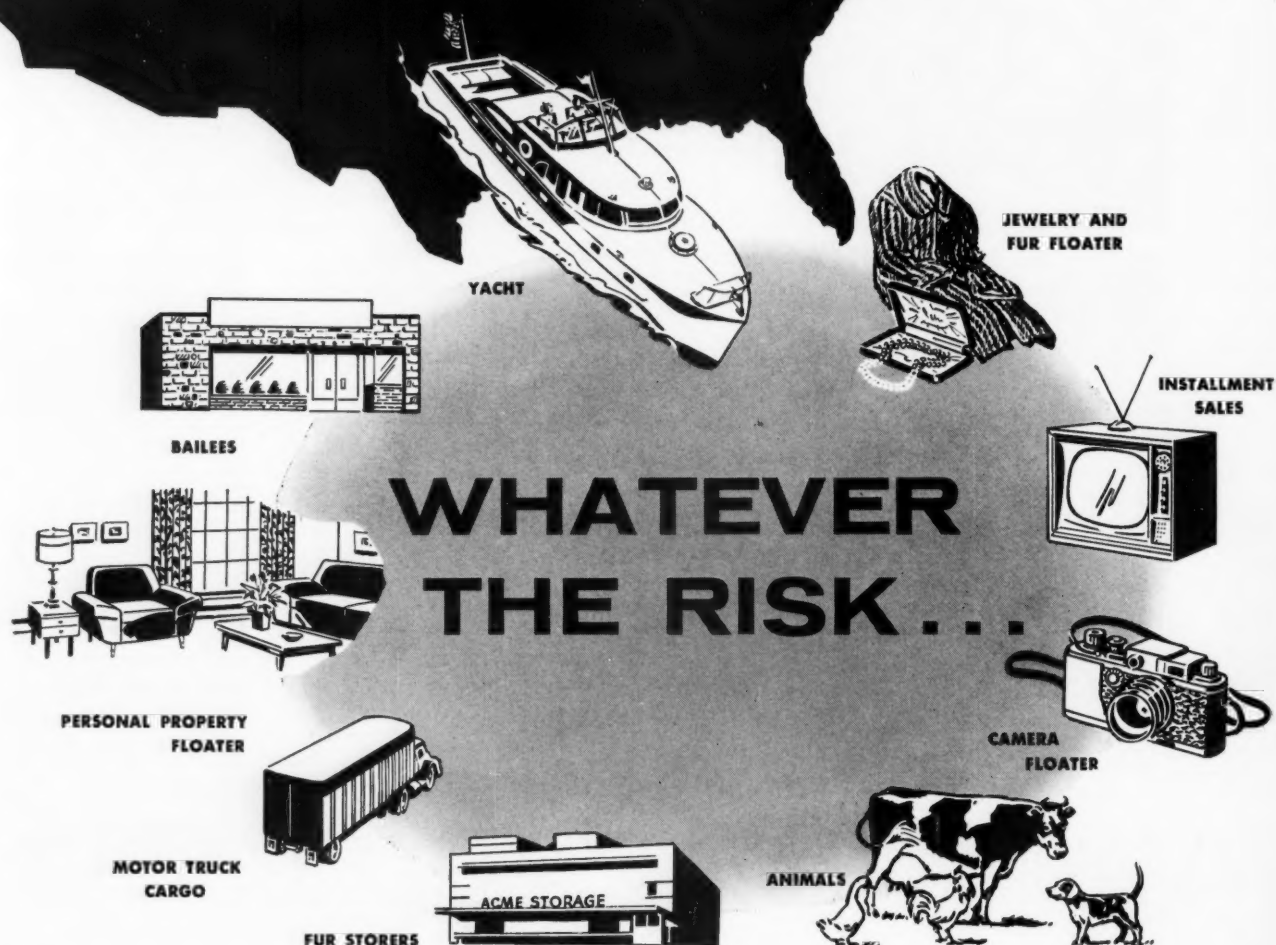
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